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# ***Daily Report***

## **China**

FBIS-CHI-92-240  
Monday  
14 December 1992

# Daily Report

## China

FBIS-CHI-92-240

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14 December 1992

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### UN, U.S. Relief Efforts in Somalia Reported

#### Commentator on Support for UN Action

OW1212213192 Beijing China Radio International in  
Mandarin to Asia 0900 GMT 12 Dec 92

[Interview with station commentator Chen Jiayu by unidentified announcer; from the "Report on Current Events" program—live]

[Text] The incidents which occurred recently in Somalia, situated on the Horn of Africa, have attracted the concern of more and more people. Today we have invited Mr. Chen Jiayu, our station commentator, to the broadcasting studio to answer our questions in connection with the situation in Somalia.

[Announcer] Mr. Chen, 1,800 U.S. marines landed on Somalia on 9 December. Following the U.S. marines, 200 French troops also entered the capital of Somalia. Would you comment on this matter?

[Chen] Yes, 1,800 U.S. marines landed at Mogadishu, the capital of Somalia, before dawn on 9 December. On the same day, 200 French paratroopers flew from Djibouti to Mogadishu. These troops are the forward unit of a multinational force to be dispatched to Somalia, in accordance with the authorization of the UN Security Council. The multinational force includes about 28,000 U.S. troops and 9,000 other officers and men from France, Italy, Canada, Egypt, and Zimbabwe. The mission of the force is to protect humanitarian assistance activities within the territory of Somalia.

[Announcer] Mr. Chen, could you please talk about the background under which the UNSC decision was made?

[Chen] Yes, because of the civil war and many years of serious drought in Somalia, the people's lives there have been in dire straits. Some 300,000 people have died of starvation since January 1991, and about 2 million people are being seriously threatened by starvation. About 500 to 1,000 people die of starvation every day. Expressing serious concern and sympathy over the tragic situation in Somalia, the international community has mounted an emergency assistance effort by providing materials, but armed conflicts among Somali factions have seriously hampered the international assistance effort. In addition, violent incidents have frequently occurred because of the abundance of arms and weapons in Somalia. Relief materials and food frequently have been stolen. As a result, the larger portion of relief materials and food could not be distributed to victims, who were in dire need of help. The United Nations dispatched a 500-member peacekeeping force to Somalia, but there is little it can do. International relief organizations, or even members of the peacekeeping force themselves, have frequently been attacked, making it very difficult for relief operations to continue. Under

these circumstances, UN General Secretary Ghali submitted a proposal to the Security Council on 30 November, asking the council to authorize the use of force to ensure that humanitarian relief materials be quickly and safely distributed to the people of Somalia. The UN Security Council adopted a resolution on 3 December, authorizing the UN secretary general to establish a multinational force to protect humanitarian relief operations in Somalia. The resolution also asked the UN general secretary to deploy another 3,500-strong peacekeeping force in Somalia.

[Announcer] What is China's position toward the UN Security Council resolution?

[Chen] The UN Security Council resolution was unanimously adopted. China voted in favor of it. However, Chinese permanent representative to the United Nations Li Daoyu made a speech before the vote. He said that China supports the method of seeking a resolution to the crisis in Somalia, within the framework of the United Nations, and agrees to the proposal by the majority of African countries and the UN general secretary that the United Nations quickly take forceful emergency measures for resolving the Somali issue. Of course, Li Daoyu expressed reservations with the draft resolution's method of authorizing some countries to take military action, maintaining that this method may have an unfavorable impact on the collective role of the United Nations. China also maintains that military actions authorized by the draft resolution in accordance with the general secretary's proposal are exceptional actions adopted under Somalia's special circumstances, with the goal of quickly creating a safe environment for humanitarian aid operations there. Therefore, once such an environment is established, military operations should immediately cease. In addition, the Security Council and UN secretary general should have to right to decide regarding the control and length of military operations.

[Announcer] Mr. Chen, please tell us about the international community's attitude toward this matter.

[Chen] After the Security Council adopted the resolution on 3 December, the international community, as a whole, supported the resolution. Salim, secretary general of the Organization of African Unity [OAU], expressed support for sending a multinational force to Somalia, but he stressed that military operations by the United Nations should only play a role in assisting starving people in Somalia, and that a final resolution to the Somali crisis should rely on the efforts of the Somali leaders and people themselves. Quite a number of countries, especially African nations, hold that the current operations are United Nations operations, and that operations by the United Nations should not be transformed into operations by the United States. These countries maintain that U.S. troops should act in accordance with the Security Council resolution, and that U.S. troops should not be given the same amount of rights they were given during the Gulf War, adding that once a



safe environment is established in Somalia, a UN peace-keeping force should immediately replace the U.S. troops. Former U.S. President Carter said that sending a large number of U.S. troops to Somalia to protect international assistance operations there could have been avoided if the United States and the West had paid more attention to Africa's economic and social development in the past. The two major conflicting sides in Somalia have also welcomed the sending of the multinational force to that country, but some Somalis have expressed doubts about U.S. motives for sending troops to their country. They said that historically the U.S. Government has never stood on the side of the ordinary people of Somalia.

[Announcer] Well, Mr. Chen, in your opinion what is the correct path for resolving the Somali issue?

[Chen] In my opinion, for any thorough solution to the Somali issue, the various sides in Somalia should closely cooperate with the United Nations and international assistance organizations by immediately agreeing to a cease-fire and a restoration of order. The various sides in Somalia must solve their disputes through dialogue and consultation. On 11 December, the two major conflicting sides in Somalia held their first meeting since the start of the civil war. The joint communique, released after the meeting, announced an immediate cease-fire and an end to hostilities. It also called on other conflicting factions to also immediately end armed conflicts in order to create conditions for realizing national reconciliation as soon as possible. In my opinion, this is a very positive development. We hope that they will seriously adhere to this agreement so that the situation in Somalia will develop positively along this direction.

[Announcer] Thank you, Mr. Chen.

[Chen] Thank you.

#### **U.S. Marines Escort Food Convoy**

OW1312000592 Beijing XINHUA in English  
2227 GMT 12 Dec 92

[Text] Nairobi, December 12 (XINHUA)—U.S. Marines in armored vehicles today escorted a UN food convoy through Somalia's war-torn capital Mogadishu, according to reports reaching here.

The convoy sailed across the city and reached northern Mogadishu without being attacked, the reports said.

This is yet the first humanitarian operation of the U.S.-led multinational force in Somalia, after they swept into the Horn of Africa country early Wednesday.

#### **Clinton: No Fixed Timetable for Mission**

OW1112233592 Beijing XINHUA in English  
2305 GMT 11 Dec 92

[Text] Washington, December 11 (XINHUA)—U.S. President-elect Bill Clinton said today he would not put "a fixed timetable" on the U.S. military relief mission in Somalia.

At a news conference in Little Rock, Arkansas, at which he announced his cabinet-level appointments, Clinton said U.S. military relief operations in Somalia would eventually give way to a long-term replacement force of U.N. troops.

But "I think it is impossible to put a fixed timetable on it (the U.S. mission)," he said. "There is a mission there to be completed but I still think it is a manageable one and I don't have any second-guessing to do at this point."

"The day-to-day operations are being run by this (Bush) administration and this president, and I don't think I should be in the position of commenting or second-guessing on them," Clinton added.

But the president-elect said he was pleased that there had been little confrontation so far between U.S. marines and Somali gunmen.

In a related development, UN Secretary General Butrus Ghali is asking the United States to keep its troops in Somalia until local warlords are disarmed and a police force is set up, U.S. officials said today.

Butrus Ghali made his request in a meeting on Wednesday at the United Nations with Brandon Grove, who heads the U.S. State Department's task force for Somalia, and with Adm. Frank Bowman, director of political-military affairs for the joint chiefs of staff, officials said.

But at a Pentagon briefing on Somalia's operations today, Lt. Gen. Robert Brandtner, the chief operations officer for the joint chiefs of staff, seemed eager to discourage the notion that U.S. forces in Somalia might undertake a broader pacification effort.

"Our mission has not changed," he said, "The United States forces have their mission, which you are well aware of, and I would defer you to the (UN) secretary general for a discussion of his views on that."

According to the U.S. previously-announced plan, the U.S. mission in Somalia is to establish secure environment so that relief agencies can distribute food and other aid before turning it over to the UN peacekeeping forces.

And earlier today, U.S. State Department spokesman, Richard Boucher, said the U.S. military commanders in Somalia would determine the "appropriate measures" to carry out their mission and then turn the turbulent situation over to UN peacekeeping forces.

#### **French Accounts of Operation Noted**

HK1312020192 Hong Kong WEN WEI PO in Chinese  
11 Dec 92 p 6

["Special article" by Cheng Jo-lin (6774 5387 7792), WEN WEI PO special correspondent in Paris: "Vivid Play of U.S. Troops Landing at Somalia"]

[Text] Paris, 10 Dec (WEN WEI PO)—Perhaps there is no military operation funnier than this—the landing of U.S. troops in Mogadishu at 0040 yesterday. Helicopters were roaring in the sky as landing boats were heading toward the beach. U.S. soldiers, fully armed, in camouflage combat suits, with their fingers on the triggers of different kinds of light and heavy arms, and with their faces smeared with camouflage cream... However, greeting them on the beach were hundreds of reporters of different nationalities, with dazzling television camera lights and flashes! The French LA LIBERATION said: "This Hollywood farce on the beach was performed without enemy, as the Somali fighters were all in deep sleep!"

### A Funny Military Operation in Somalia

French media gave wide coverage of, and made a lot of comments on, this wonderful show. The French press had aired their doubts about this operation by the U.S. Armed Forces before it was launched. They noted: the landing operation, which should have been launched last Monday, was put off just because CNN, the U.S. redifusion television network that provides round-the-clock news programs, had not completed its technical preparations for live coverage of this military operation. Therefore, when the first batch of about 12 U.S. soldiers officially started the operation, more than 200 newsmen had already been standing in water along the beach, waiting for the coming of their "prey." The U.S. soldiers were temporarily blinded by dazzling television camera lights and shocked by the scene. They advanced escorted by newsmen. When they were lying down on the beach observing the conditions ahead of them, they were surrounded by flocks of newsmen, some standing on tiptoe, others standing behind holding long bars hanging microphones. When the nervous U.S. soldiers found several local black people, they ordered them to lie down on the ground, with some dozen rifles pointed on them. But, at that moment, newsmen kept asking the local people how they felt about it... The French press made the following remark: The timing of the U.S. troops' operation was carefully chosen to suit the television newscast schedule rather than combat needs. The first batch of soldiers to start the operation was sent out one and a half hours before the news program time of the three major U.S. television networks, so that these television services had enough time to film, edit, and release the operation process, and to provide live coverage through hired satellite television antenna. So the televised report of the U.S. troops' operation managed to reach every corner of the world. Then, during the U.S. evening news programs, two hovercraft began to carry personnel and military supplies to the coast. And, finally, the "ballet" by helicopters was scheduled for the 0715 morning news program. A French newsman said: A U.S. soldier, lying in a bunker dug into the beach, was surrounded by many newsmen. He just could not stand it any longer, so he shouted to the newsmen: Would you please get out of the way, otherwise the tanks will not be able to pass. Having learned of the arrival of tanks, every

newsman was even more excited and eager to stay. Who would like to miss the chance and leave without filming the exciting scene of the landing of tanks? The U.S. troops finally drove their tanks to land the beach, with the newsmen "lining up in welcome."

### The Only Somalis Found

Another still more "exciting" scene took place when U.S. soldiers suddenly discovered seven Somalis in a warehouse on the beach. They were the only Somalis the U.S. troops found during the whole landing process yesterday. They were pressed again by rifles and ordered to lie down on the ground before camera lenses which enabled all the world to see the scene... In fact these were only warehouse keepers, and they were in a deep sleep when the world was closely watching the live coverage of the sensational landing operation by the U.S. troops! A newsman sent by LA LIBERATION to the country gave the following account: They were "captured." "These innocent Somalis were not freed until personal intervention by the Pakistani General Imdiaz Shasana [yi mu di ya zi sha xiang na 0122 1191 5530 0068 5417 3097 0078 4780], commander of the UN peacekeeping force who had been performing duties, maintaining order, and delivering supplies under a humanitarian relief operation in Somalia since two months ago."

### The Real Purpose of the U.S. Military Operation in Somalia

Meanwhile, interviewed by a French television newsman on his impression of the 120 French servicemen who landed in the country together with the U.S. troops yesterday, a U.S. soldier said: I just do not understand why the Frenchmen still wanted to come with us. U.S. troops are enough to carry out the operation! "Then do the Frenchmen come just to join a show?" a French newsman asked. A member of the French National Assembly made a good remark: "The spending on this troop operation alone can well feed the Somalis for several years." The French press has analyzed in different perspectives Bush's intention behind this Operation Restore Hope. Some journalists believed that Bush hoped to leave a glorious image as his term of office is winding up; others held that although the declared purpose of the U.S. military operation is to carry out a humanitarian rescue mission, the real purpose, in substance, is to contain the expansion of Islamic fundamentalism in Africa. A French newsman wrote: The expansion of the Iranian Islamic extremist force has been curbed in the Middle East, but is thriving in Somalia. Being worried about the possibility of a new domino effect, the United States launched the military operation. The Americans are acting with a hidden motive, the Frenchmen said.

**Over 40,000 Foreign Experts Working in PRC***OW1212094792 Beijing XINHUA in English  
0921 GMT 12 Dec 92*

[Text] Beijing, December 12 (XINHUA)—Since 1979, more than 200,000 foreign experts in various fields have worked or are now working in China. The number of this year is over 40,000.

The figures were released by the Bureau of Foreign Experts Affairs.

Since 1985, the bureau has sent abroad 15,000 people for training who came from governmental departments for decision-making, and management or technology application level in enterprises.

Now China has scored noticeable achievements in absorbing foreign intellectual resources, and personnel exchanges and cooperation.

Covering 30 provinces, autonomous regions and municipalities directly under the central government, the work has helped to raise industrial and agricultural production, management and technical levels.

For instance, a Japanese expert succeeded in passing on a technique of rice planting in Heilongjiang, which was later widely expanded to most areas in China. The advanced technique has brought about a total increase of 25 billion kilograms of rice.

The invitation of foreign experts to work in China has also improved the country's comprehensive education and medical work.

In the past two years, foreign experts have fostered over 10,000 Chinese graduates and trained more than 20,000 Chinese young teachers.

With the help of foreign experts, China has accomplished 1,000 scientific and technological projects and established 100 new disciplines and specialities.

Today when China is moving toward a market economy, it is of greater importance to send personnel abroad to learn advanced management skills and techniques.

Some people, who had been to Japan to learn management of security market, have put forward good suggestions on the running of securities market.

**United States & Canada****Jiang Zemin: PRC Keen To Improve U.S. Ties***OW1112171992 Beijing XINHUA Domestic Service in Chinese 1319 GMT 11 Dec 92*

[By correspondent Chai Shikuan (2693 0013 1401)]

[Text] Beijing, 11 Dec (XINHUA)—Speaking at a meeting with former U.S. Secretary of State Henry Kissinger here this evening, General Secretary Jiang

Zemin of the CPC Central Committee said that the Chinese Government is taking a forward looking attitude [qu xiang qian kan de tai du 0686 0467 4170 4104 1966 1653] regarding Sino-U.S. relations, and that it is willing to make joint efforts with the incoming U.S. administration to improve and develop relations between the two countries, with the three Sino-U.S. joint communiques as a basis.

The meeting, which lasted nearly one hour, was held at the Diaoyutai Guesthouse. According to a Foreign Ministry official, the host and the guest had a wide-ranging exchange of views on the international situation and bilateral relations.

Jiang Zemin called Kissinger an old friend of the Chinese people, praising him for assessing Sino-U.S. relations from the strategic and long-term perspective of a statesman and for making unremitting efforts toward safeguarding and developing Sino-U.S. relations.

He pointed out: The world is very turbulent, as the bipolar structure has come to an end and various forces are breaking up and realigning. Both China and the United States should realize that as the world enters a historical turning point, how to comprehensively evaluate and correctly deal with their relations is an important and urgent task.

He said: In state-to-state relations, no country should attempt to force its will and model on another. We believe that, although the international situation has changed, extensive common interests remain between China and the United States. Both have a great responsibility for promoting world peace and development. The two countries, as permanent members of the UN Security Council, can strengthen and expand cooperation in politics, economics, science and technology, protection of the environment and other spheres of international affairs. China and the United States are complementary and have a vast potential in bilateral trade and economic relations.

Kissinger said that the U.S. Administration is now in transition. He believed that future ties between the two countries will remain important and will become even more important in many respects. Based on their respective interests, the two countries should work to improve their relations.

Chinese Ambassador to the United States Zhu Qizhen and Vice Foreign Minister Liu Huaqiu were present at the meeting. After the meeting, Jiang Zemin gave a banquet honoring Kissinger and his party. Zhu Qizhen, Liu Huaqiu, and U.S. Ambassador to China J. Stapleton Roy attended the banquet.

Kissinger and his party are scheduled to leave Beijing for Japan tomorrow morning.



**Song Jian: PRC Achieves Goal of Sci-Tech Ties**

OW1312104792 Beijing XINHUA in English  
0948 GMT 13 Dec 92

[Text] Washington, December 12 (XINHUA)—The visiting Chinese Government delegation has achieved its major goal of officially restoring bilateral cooperative relations in science and technology, a Chinese official said here today.

The official said his comment coincided with the remarks made by U.S. Deputy Secretary of State Frank Wisner, who Friday met with head of the Chinese Government delegation Song Jian, state councillor and minister in charge of State Science and Technology Commission.

Chinese officials present at the meeting quoted Wisner as saying that Song's visit marks the end of the suspension of high-level contact between the United States and China.

Calling the Chinese delegation's presence an important event, Wisner said the restoration of contact between senior U.S. and Chinese officials has laid ground for further developing cooperation relations between the two countries.

Science and technology cooperation has been a very important part of Sino-U.S. relations, and therefore, the two countries should strengthen their relations in the area, he said.

Song, who holds a vice premier-level position in the Chinese Government, came Wednesday at the invitation of Dr. Allan Bromley, assistant to the U.S. President for science and technology and director of the White House Science and Technology Policy [as received].

The 16-member delegation comprises China's aerospace and public health ministers, chairman of the National Committee for Natural Sciences Fund, and presidents of three top-ranking national science academies.

It is the first time since late 1989 that a Chinese Government delegation of this kind visits the United States at the official invitation of the U.S. side, Chinese Embassy officials noted.

At a reception attended by nearly 400 guests this evening, Song said the Sino-U.S. Science and Technology Cooperation Agreement signed in 1979 has resulted in hundreds of cooperative projects involving an exchange of tens of thousands of scientists.

"We jointly studied earthquake data and materials in order to enlarge and deepen our knowledge about this natural disaster," he said. The study would "save hundreds of thousands of human lives" in face of quakes.

Chinese and U.S. scientists are cooperating in the areas of atmospheric science and environmental protection,

the top science administrator said. Their research would "help us to leave a better living environment for our future generations."

The experience Chinese scientists learned from their American counterparts has benefited the Chinese agriculture considerably, Song said. In return, China has provided many precious species of wild plants, which surely help their U.S. colleagues in research.

"Innumerable outcomes testified that Sino-U.S. cooperation has been fruitful and mutual beneficial," he concluded.

Song and members of his delegation in the past few days have also met with U.S. Vice President Dan Quayle, Commerce Secretary Barbara Franklin, Trade Representative Carla Hills, Energy Secretary James Watkins and some other senior U.S. officials.

During talks with their U.S. counterparts, the Chinese visitors were told that the U.S. Government is willing to renew two of the 29 Sino-U.S. science cooperation protocols in near future.

Chinese officials disclosed that the two documents, now already expired or facing expiration, cover cooperation in nuclear safety inspection and medical research, respectively.

**'Newsletter' Views Clinton Remarks on Hong Kong**

HK1212080592 Hong Kong WEN WEI PO in Chinese  
12 Dec 92 p 2

["Newsletter from the United States" by special correspondent Kuan Wen-liang (7070 2429 0081): "How To View Clinton's Remarks"]

[Text] U.S. President-elect Clinton recently made the statement that he was concerned about the Sino-British dispute over Hong Kong's political structure, expressing his intention of "forcing" Beijing to allow "greater democracy" for Hong Kong according to Patten's package. An option for Clinton would be to link China's "human rights issue" with its most-favored-nation trade status. Clinton's remarks have drawn comments in Hong Kong. Those who identify themselves with the interests of the colonial rulers are glad to hear what Clinton said; but people who are opposed to Patten's package are worried that if the United States arbitrarily exerts pressure and wantonly interferes in Hong Kong affairs, Hong Kong's smooth transition may be affected.

People who are familiar with U.S. politics say that both the "gladness" and the "worry" showed by some people in Hong Kong are presently uncalled for. As governor of the small state of Arkansas for 12 years, Clinton rarely handled foreign affairs. He not only lacks experience in international affairs, he even lacks common sense. During his election campaign, he made three speeches on foreign policy, but there were no special reactions in the

political circles and the domestic public even showed deeper indifference to it. To put it more politely, the key points he mentioned, such as advocating the U.S.-style democracy and freedom, cutting down on the military budget by a big margin, and holding that the United States should play a role as international policeman, were all out of keeping with the current international realities. He did not understand that the national strength of the United States was declining and its overseas influence was withering; he did not notice the rise of the economic strength of the countries in the West Pacific, and did not notice the direct challenge from West Europe with Germany and France as the core...

People in the political circles of Washington hold that in the early stage of the Clinton administration, the driving force that dominates the U.S. foreign policy will not be in the White House but in the Department of State, especially with the secretary of state. At present, Clinton likes to make indiscreet remarks; but things will be quite different after the departmental heads are appointed and the cabinet is formed.

According to reports from Washington, Warren Christopher, who was under secretary of state in the Carter administration, will be the most likely appointee for the post of secretary of state. Other possible candidates include Bill Bradley, a former basketball star and current senator from New Jersey, and Colin Powell, chairman of the Joint Chiefs of Staff. Bradley has economic knowledge but has no diplomatic experience. Powell is favored by Clinton, but the two have serious differences on the issue of disarmament. If there are no surprises, Christopher will be appointed to be secretary of state. On the other hand, one of the following three people may be appointed to be secretary of defense: Les Aspin, chairman of the Armed Services Committee of the House of Representatives; Sam Nunn, chairman of the Senate Armed Services Committee; and McCurdy, chairman of the House Select Committee on Intelligence. As for the national security adviser for the White House, the appointee will be one of the two deputy secretaries of state in the Carter administration, Tony Lake and Sandy Borge [sangdi borge 2718 6611 0130 2706].

The political and academic circles of the United States generally comment favorably on the body responsible for foreign affairs and hold that they are pragmatic and experienced old hands. It is hard to imagine that such a career diplomat as Christopher would agree that the United States should meddle in Hong Kong affairs. Anyone who has knowledge about international relations knows that Hong Kong's prosperity, stability, and smooth transition are in keeping with U.S. interests in the West Pacific, and such interests are mainly reflected in the economic and trade factor. Political interests hold a less important position. The United States has never been concerned about Hong Kong's democracy process. A number of congressmen may make indiscreet remarks, but this does not mean that they can influence U.S. foreign policy. Hong Kong people do not need to pay too

much attention to the remarks of a small number of politicians. Compared with the pragmatic U.S. foreign policy and the national interests, they appear rather immature.

#### Clinton Resigns as Arkansas Governor

OW1312000692 Beijing XINHUA in English  
2225 GMT 12 Dec 92

[Text] Washington, December 12 (XINHUA)—U.S. President-elect Bill Clinton resigned as governor of the State of Arkansas during a ceremony at the state capitol this afternoon after almost 12 years as head of the state, reports reaching here said.

Jim Guy Tucker, former lieutenant-governor of Arkansas, was sworn in as the state's 43d governor.

#### Pharmaceutical Venture With U.S. Successful

OW1312133292 Beijing XINHUA in English  
1246 GMT 13 Dec 92

[Text] Shanghai, December 13 (XINHUA)—The Shanghai Squibb Pharmaceuticals Co., Ltd, a joint venture between China and the United States, has made an average increase of 70 percent in sales volume each year since it went into operation in 1985.

It is expected to reach a sales volume of over 300 million yuan-worth this year, 70 percent up over that of last year, and 28 times higher than that of 1985. Its profits this year are expected to increase by 50 percent.

The joint venture has a total investment of 10.2 million U.S. dollars. In the past seven years it has carried out production according to international standards. It was China's first pharmaceuticals factory to export medicine to the U.S.

Its products of antibiotics, vitamins, and anti-angiocardiopathy medicines sell well on the Chinese market.

Now the venture has a registered capital of 28 million U.S. dollars.

It was elected one of the 500 most-efficient enterprises in China last year.

In order to meet the needs of the market, the venture has decided to invest another 16 million U.S. dollars for expansion.

#### Central Eurasia

##### NPC Vice Chairman Meets Russian Guests

OW1412064792 Beijing XINHUA in English  
0409 GMT 14 Dec 92

[Text] Beijing, December 14 (XINHUA)—Peng Chong, vice-chairman of the Standing Committee of China's National People's Congress (NPC), met with a city

parliament delegation from St. Petersburg of the Russian Federation here this morning.

Peng had a friendly conversation with the six-member delegation headed by vice-chairman of the city parliament Boris Moiseyev.

Moiseyev and his party arrived here from Shanghai yesterday, and they are guests of the Shanghai Municipal People's Congress Standing Committee.

### Sino-Russia Border Trade Experiences Growth

HK1212063692 Beijing ZHONGGUO XINWEN SHE  
in English 0426 GMT 12 Dec 92

[Text] Beijing, December 12 (CNS)—Local and border trade between China and Russia have been mushrooming in recent years and economic and trade relations between the two countries have entered a new stage, Mr. Zhang Chun, an official from the Ministry of Foreign Economic Relations and Trade, said in the closing ceremony of a three-day international academic seminar on Sino-Russian relations under the new prevailing situation.

The value of trade between China and the Commonwealth of Independent States, according to statistics released by the customs, reached U.S.\$2.7 billion between last January and September, U.S.\$2.4 billion of which went to trade between China and Russia.

Analyzing the economic and trade relations between the two countries, Mr. Zhang said that the two sides had changed the implementation of past trade accords reached between the two governments into direct negotiations and the signing of contracts by regional authorities and enterprises. Other changed practices involved a shift to simultaneous development of economic relations and trade in the hinterland and border territories, from barter trade in the past into the present co-existence of barter trade and trade settled in foreign exchange as well as a move from the dominance of trade into equal proportions of trade and economic cooperation.

Changes in the administrative systems for economic activities in China and Russia, Mr. Zhang pointed out, are beneficial for the exploitation of economic and trade relations between the two countries while complementary economic needs also lays the foundation for economic and trade cooperation between China and Russia.

Despite the present relatively low level of bilateral trade, trade between the two countries still shows great potential, a researcher from the Institute of East European and Central Asian Studies under the Chinese Academy of Social Sciences, Mr. Lu Nanquan, said.

Mr. Lu said he was convinced that should China and Russia wish to upgrade their economic and trade level, they would need to formulate long-term strategies and policies. Furthermore, they would have to broaden their modes of economic cooperation while at the same time developing commodity trade.

An official from the economic department of the Russian Academy of Sciences, after elaborating on Russia's economic situation and on its rich natural resources in its Far East region, put forward a proposal on the various patterns for economic cooperation.

Representatives from China and Russia who attended the seminar presented nearly 20 essays and the participants held intensive discussions on the Asia and Pacific regional situation as well as on Sino-Russian political and economic relations.

### Heilongjiang Opens Noodle Plant With Russia

SK1412050492 Harbin Heilongjiang People's Radio  
Network in Mandarin 1000 GMT 12 Dec 92

[Text] The production line of the instant noodle plant jointly run by China and Russia in Suifenhe city was put into operation on 12 December. The production line has been built with the investments made by the provincial State Farms Administration and the (Dalie) Corporation of Vladivostok city of Russia. The total volume of investments has reached 36 million Swiss francs. The daily output of the production line is 15 tons of instant noodles. The Russian side will be totally responsible for sales of the product. It is expected that all investments can be withdrawn in the coming five years.

### Songhuajiang Holds Trade Symposium in Russia

SK1212085892 Harbin Heilongjiang People's Radio  
Network in Mandarin 1000 GMT 11 Dec 92

[Summary] Songhuajiang Prefecture successfully sponsored the first economic and trade symposium in Chita city of the Russian Federation from 26 November.

More than 2,300 products, including clothes, sugar, wine, and electronics and machinery products, were displayed at the exhibition hall, covering an area of more than 400 square meters.

During the symposium, the Chinese and Russian sides signed 14 economic and technological cooperation contracts, a labor service export contract, and 68 agreements on barter trade. The trade volume reached 137 million Swiss francs. To strengthen the economic cooperation and the trade contacts between both sides, Songhuajiang Prefecture and Chita city have reached an agreement on establishing friendship ties.

### Northeast Asia

#### Shanghai Mayor Meets ROK Deputy Minister

OW1412120092 Shanghai People's Radio Network in  
Mandarin 2300 GMT 9 Dec 92

[From the "Morning News" program]

[Text] Mayor Huang Ju met with Choe Kak-kyu, Korean deputy prime minister and minister of Economic Planning Board, and his delegation at the Jinjiang Hotel last



night [9 December]. They discussed the prospects for economic and technological cooperation between Shanghai and Korea.

Huang Ju invited Korean entrepreneurs to cooperate with Shanghai in developing the Pudong District, while Choe Kak-kyu stressed the need to encourage people in Korean economic circles to seek cooperative partners in Shanghai.

Executive Vice Mayor Xu Kuangdi was present at the meeting.

Deputy Prime Minister Choe Kak-kyu and his delegation arrived in Shanghai yesterday. The guests toured by car the New Pudong District and the Nanpu Bridge.

### **XINHUA Views Election Campaign in ROK**

*OW1412113492 Beijing XINHUA in English  
0749 GMT 14 Dec 92*

["Roundup": "Candidates Step Up Pace as South Korean Presidential Race Enters Final Stage"]

[Text] Seoul, December 14 (XINHUA)—As the South Korean presidential elections draw near, candidates are sparing no effort in their last ditch to win popular support.

Some 30 million eligible voters in South Korea will elect a new president on December 18 to replace No Tae-u, whose single five-year term expires next February. He is legally barred from standing for election again.

Eight candidates are expected to contend in the forthcoming elections. The three main candidates are Kim Yong-sam of the majority Democratic Liberal Party (DLP), Kim Tae-chung of the Democratic Party (DP), and Chong Chu-yong of the United People's Party (UPP). Unlike the country's three most recent presidents who were former army generals, all three major candidates have no military background.

Since the government announced a 28-day campaign period on November 18, the three main candidates' outdoor rallies have drawn big crowds. They have exchanged accusations of corruption and vote-buying and tried hard to maintain their own images of decency among the people.

Violations of the election law, to which the contending parties are committed, have continued to increase as time passes. Statistics from the Central Election Management Committee show that a total of 1,486 violations have been reported. The prosecution had arrested 890 people in 547 cases and are investigating 282 cases involving 474 people.

The recent investigation into the capital flow of the Hyundai business group to the UPP has triggered a serious controversy in the country, particularly among the contending parties.

The National Police Administration reportedly had found that 280,000 U.S. dollars was transferred from the Hyundai group to the UPP to help its candidate Chong Chu-yong.

The UPP has launched an attack on the government for the loss of its professed neutrality, arguing that it is favouring Kim Yong-sam, presidential candidate of the DLP.

However, the DLP assailed the "money politics" of the UPP, saying that "the attempt to buy power with money is worse than an attempt to seize power with guns and swords."

In their presidential campaign speeches, the three main candidates seem to have no major differences on economic issues and foreign policy, as they have focused their attention on the current crisis facing the nation.

Kim Yong-sam called South Korea's current crisis the "Korean illness," the basic feature of which is the devastation of order in the society. Kim Tae-chung claimed it was the "DLP illness," and Chong Chu-yong blamed the two Kims for the crisis by calling it "the presidency obsession illness."

And the three prescribed different cures. Kim Yong-sam said that only his party could solve the crisis since it required a "clean" president and a "strong" government.

Kim Tae-chung insisted the illness could not be cured without change, and he appealed for reform by replacing the majority party.

Chong Chu-yong demanded that both Kims retire as it was the only remedy. South Korean politics were too long dominated by the two Kims' obsession with the presidency, he said.

Another debate highlight was the candidates' stance on constitutional reform to change the government system.

Kim Yong-sam disavowed even a remote possibility of switching from the current presidential government to a parliamentary government.

Kim Tae-chung promised to form a nonpartisan government comprised of people from all walks of life and to seek a referendum on whether to have a presidential or a parliamentary government.

Chong Chu-yong did not hesitate to support the parliamentary system of government. It was the shortcut to curing the presidency obsession and regional conflict and to responsible politics, he noted, saying that constitutional reform in this direction is one of his campaign pledges.

The two Kims have long led the country's democratic struggle against military governments. They both ran for the presidency in the 1987 elections, but split the opposition vote and lost to No. Kim Yong-sam joined No's

ruling camp in 1990 to form the DLP, while Kim Tae-chung has remained in the opposition camp.

Chong Chu-yong, the billionaire founder of the giant Hyundai conglomerate, left business early this year to form his own party.

Observers hold that the two Kims are the front-runners in the race for the December 18 ballot. Chung, however, still poses a threat to them, though he has recently suffered a setback because of the government's investigation into the alleged bankrolling of his campaign by Hyundai group.

### Korean Sides Meet on Nuclear Cooperation

OW1012223392 Beijing XINHUA in English  
1643 GMT 10 Dec 92

[Text] Pyongyang, December 10 (XINHUA)—The North-South Joint Nuclear Control Commission held the 12th session today in Panmunjom to further bilateral cooperation in nuclear controls.

The North side claimed at the meeting that Seoul should announce the cancellation of the "Team Spirit" war games jointly conducted by the United States and the South side.

The South should agree as soon as possible to the full investigation into the U.S. nuclear arms and bases in the South, the delegates from Pyongyang said.

And the South should reveal the facts about its development of nuclear arms, the delegates were quoted as saying by the Korean Central News Agency (KCNA).

The commissioner of the South side, Gong Ro-myung, said that the talks between the two sides and the "Team Spirit" military exercises were two completely different issues.

He held that the mutual nuclear investigation should be carried on under the principles of reciprocity.

The investigation should cover military bases, he said, adding that some special survey should also be made.

Gong said that if Pyongyang agreed on such mutual investigation, the issue of the "Team Spirit" could be resolved.

The Republic of Korea (ROK) and the United States announced in October that they would restore the "Team Spirit" war games next year if the North refused to accept mutual nuclear investigation.

During today's meeting, the two sides also agreed to hold the 13th session of the commission on December 17.

### Japan's Miyazawa Reshuffles Cabinet

OW1112151092 Beijing XINHUA in English  
1457 GMT 11 Dec 92

[Text] Tokyo, December 11 (XINHUA)—Japanese Prime Minister Kiichi Miyazawa reshuffled his 13-month-old cabinet today in a bid to make a fresh start in his premiership to tackle foreign and domestic issues.

New Cabinet Secretary Yohei Kono announced the new cabinet lineup at a nationally televised news conference.

Deputy Prime Minister and Foreign Minister Michio Watanabe and Agriculture, Forestry and Fisheries Minister Masami Tanabu retained their posts but 18 other posts were reshuffled. The new 20-member cabinet includes eight new faces.

Kono succeeded Koichi Kato as chief of staff of the cabinet and the top government spokesman.

Yoshiro Hayashi replaced Tsutomu Hata as finance minister.

Yoshiro Mori, former education minister, was moved to be international trade and industry minister, replacing Kozo Watanabe.

The post of education minister came to Mayumi Morioka, the only woman in the cabinet.

Earlier in the day, Miyazawa named three top executives of the ruling Liberal Democratic Party (LDP). The new LDP executives are Seirokyu Kajiyama, secretary general; Hiroshi Mitsuzuka, chairman of the Policy Affairs Research Council, and Koko Sato, chairman of the Executive Council.

The cabinet reshuffle, the first since Miyazawa came to office in November 1991, is seen as a yardstick of his earlier pledge to remove the ill effects of factionalism.

The shakeup of the cabinet came at a time when public support rate for the Miyazawa cabinet had sharply declined amid a widening money-and-mob scandal involving key figures in the ruling party.

The new Miyazawa cabinet will face such pressing issues as political reform and foreign pressure to open the Japanese rice market.

### Political Reform Push Seen

OW1212142992 Beijing XINHUA in English  
1405 GMT 12 Dec 92

[Text] Tokyo, December 12 (XINHUA)—Prime Minister Kiichi Miyazawa today urged his new cabinet to stand behind him in pushing for political reform, foreign policy initiatives and economic recovery.

In a brief policy statement at the first meeting of the 20-member cabinet, he said "public mistrust in politics is extremely severe" and reform was needed to restore public confidence in the government.

Miyazawa's first cabinet suffered heavy setbacks during the course of the year. Its recent public support rate was very low due to the ruling Liberal Democratic Party (LDP)'s involvement in the Tokyo Sagawa Kyubin scandal.

Having in mind the widespread public resentment towards the LDP and the government, Miyazawa tried to have some pro-reform figures in his new cabinet, with only two former ministers remaining at their posts.

Observers here believed that this can be viewed as symbol of the prime minister's intention to prevent further political corruption in the government.

Referring to foreign policy, analysts pinpointed the fact that the new cabinet has to maintain a strong and stable relationship with the United States under Bill Clinton's new government, and to strike a deal with Russia over the disputed northern Kuril Islands.

The new cabinet also must work out an acceptable formula on the rice import ban, a sensitive issue on which the government has avoided confrontation with farmers, particularly in the light of the recent accord between the United States and European Community.

The third problem the new cabinet faces is how to push Japan's economic recovery. Japan has been in an economic slump over the past two years and recovery is not yet in sight. According to a survey by the bank of Japan, overall business confidence has dropped to its lowest level since the first oil crisis in 1973.

### Southeast Asia & Pacific

#### 'Aussat B-2' Satellite Joined With Rocket

OW1312135092 Beijing XINHUA in English  
1320 GMT 13 Dec 92

[Text] Xichang, December 13 (XINHUA)—The second Australian satellite "Aussat B-2," which was transported to the Xichang Satellite Launching Center in southwestern China's Sichuan Province on October 31, was successfully joined with the China's "Long March 2 cluster carrier rocket" here today.

The satellite can be launched at the scheduled time after a thorough technical examination.

At 10 o'clock this morning, the satellite was sent to the launching site by shock absorption transportation vehicles under the escort of police cars.

The joining of the satellite was carried out through the combined efforts of technical workers from China, the United States and Australia.

China successfully launched the first Australian satellite "Aussat B-1" on August 14 this year.

#### Sihanouk Receiving 'Intensive' Medical Care

BK1212034292 Hong Kong AFP in English 0311 GMT  
12 Dec 92

[Text] Beijing, Dec 12 (AFP)—Prince Norodom Sihanouk said here Saturday that he had just fought off blindness but remained extremely ill and would not be well enough to return to Cambodia until January at the earliest.

"My heart and my lungs are worn out and can no longer bear without danger the heavy burden of my work and my other state, political and diplomatic duties in Cambodia," the prince, who maintains a permanent residence here, wrote in French in a message to his "beloved compatriots."

"As for my liver, it is in a bad state because it is surrounded by a dangerous amount of fat," the letter, released to the press Saturday, said.

The 70-year-old chairman of Cambodia's Supreme National Council (SNC), who was hospitalised here in October suffering from an inflamed parotid gland, wrote that his medical condition was still being monitored.

"More than two weeks ago I very nearly went blind, with my right eye then my left eye losing visual sharpness one after the other," he wrote.

"But after intensive treatment and total rest in the hospital in Beijing, my left eye recovered 99 percent of its visual sharpness and my right eye 75 percent," he added.

"The problem with my eyes is linked to other very serious health problems, especially advanced hardening and calcification of my coronary arteries and my blood vessels," Sihanouk said in the message.

"I hope that in January 1993 it will be possible to return to join you in our country, but my distinguished Chinese doctors are not yet able to confirm whether I will be able to return" to Cambodia then, the message said.

Sihanouk has been told to avoid too much reading and writing to try to prevent a serious cardiovascular crisis, a hemiplegia—paralysis of one side of the body—or an infarct.

Despite his illness, Sihanouk pledged his continued commitment to helping his country, which is struggling to emerge from 13 years of civil war. "Even from afar, I continue to defend our just cause and to serve the superior interests of our nation," he told his compatriots.

Sihanouk left the Chinese capital for a visit to Pyongyang on November 9, the day after SNC talks here failed to persuade the Khmer Rouge faction to rejoin the Cambodian peace process launched in October 1991.

The grave threat posed to the peace plan by Khmer Rouge intransigence has seriously depressed the prince, diplomats say.



He returned here from Pyongyang November 20 for further medical treatment.

### Near East & South Asia

#### Spokesman: Israeli President To Visit 24-30 Dec

OW1412080892 Beijing XINHUA in English  
0750 GMT 14 Dec 92

[Text] Beijing, December 14 (XINHUA)—President Hayim Herzog of the State of Israel will pay an official visit to China from December 24 to 30, a Chinese Foreign Ministry spokesman announced here today.

President Hayim Herzog is invited by Chinese President Yang Shangkun, the spokesman said.

### West Europe

#### Consequences of French Plane Sale Viewed

HK1312064892 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0751 GMT 12 Dec 92

[By correspondent Li Wei (2621 0251): "If the Contract on Selling French Fighters to Taiwan Is Not Canceled...."]

[Text] Beijing, 12 Dec (ZHONGGUO XINWEN SHE)—In the wake of Tian Zengpei, Vice Minister of Foreign Affairs, "lodging the strongest protest against the French Government acting under orders of the Chinese Government" on 26 November on France initialing a contract with Taiwan on selling 60 Mirage 2000-5 fighters, what course the French Government will follow and what condition will surface in Sino-French relations has become another focus of the world concern, especially the concern of people of various circles in China and France.

Such concern is not difficult to see. Because in his solemn and just warning, Tian Zengpei stated that if the French side clings obstinately to its course regardless of the Chinese side's strong opposition, and insists on refusing to cancel this erroneous contract, "the Chinese side will have to make a strong response, and the French Government must bear the entire responsibility for all the grave consequences resulting from this."

Then, what will the "grave consequences" be? A well-informed source with access to government officials here said: That will lead to a retrogression in political relations and grave injury to economic relations.

There must be some reason in every remark. Presently, marked expression can already be found in the economic arena. According to a French correspondent's dispatch, on the very day when Tian Zengpei lodged the protest, Guangdong officials canceled talks with the delegation from the French National Council of Employers—a major French business group, which was seeking a market in Guangdong—and other scheduled talks

between French businessmen and Chinese officials in Beijing were also abruptly canceled. Obviously, that can be regarded as an annotation to the remark of the Chinese Ministry of Foreign Economic Relations and Trade [MOFERT] spokesman, that "some projects in cooperation under talks lack the necessary atmosphere and conditions for making progress."

It was learned that the projects of Sino-French economic cooperation under talks would involve an investment of several billion of U.S. dollars and certain technological advantages of France as well as China's key construction projects with huge investment in such arenas as energy resources, chemical industry, and telecommunications. It was learned that China's related departments are studying and weeding out those projects; some projects under discussion would have to be interrupted, and other contracts initialed would probably have no chance for their official sealing.

In fact, over the past year since France intended to sell Mirage fighters to Taiwan, the matter has already cast a shadow on bilateral economic relations and trade. France was China's third largest EC trade partner after Germany and Italy last year. Based on Chinese statistics, Sino-French bilateral trade volume was \$2.34 billion, of which imports from France were \$1.57 billion. Between January and September this year, Chinese imports from EC member countries increased by 10.9 percent over the same period last year, of which those from Germany increased by 14.7 percent, and from Italy by 30.3 percent, whereas imports from France dropped by 2.3 percent. Is this tremendous contrast not sufficient enough to show that France is tasting the bitter fruit of its own making?

Originally, this bitter fruit could have been sweet. Back in late November when the Chinese side first learned that France intended to sell Mirage fighters to Taiwan, the Chinese side promptly expressed its stance of resolute opposition, indicating that such action would involve China's sovereignty and security, intervene in China's domestic affairs, and create a hurdle to China's great cause of peaceful reunification, and the Chinese side would never accept it. At the same time, it explicitly demanded the French side to cancel the plan immediately.

In the year that followed, the Chinese side has on several occasions made representations to the French side through diplomatic channels in the hope that the French Government would proceed from the whole situation and long-term interests of Sino-French bilateral relations and give up the plan for selling Mirage fighters to Taiwan as quickly as possible. During the visit of Strauss-Kahn, French Minister of Industry and Foreign Trade, to China last July, and the visit of MOFERT Vice Minister Gu Yongjiang to France in its wake, the Chinese side informed its French counterpart that so long as France gave up its plan for selling Mirage fighters to Taiwan, the maintenance of sound political relations between the two sides would be helpful to the development of their



economic relations and trade. The two sides would have bright prospects and tremendous realistic possibility for cooperation in such arenas as energy resources, transportation, telecommunications, and the chemical industry. As everybody knows, China's economy is developing vigorously, absorbing many foreign enterprises vying for cooperation with China. However, France let the good opportunity of great development in the ever-prospering huge China market slip away; that cannot but be a sorrow to wide numbers of French industrial and commercial circles.

As the first Western country to establish diplomatic relations at ambassadorial level with China, France has established sound cooperative relations with China in the political, economic, scientific and technological, cultural, educational, and military arenas over the past 28 years, and the two countries have conducted effective cooperation in international affairs, especially in the political settlement of the Cambodian issue; this is helpful to the peoples of the two countries and world peace.

We believe all this should not be forgotten. Especially the active situation in the 1980s, in which Sino-French bilateral relations rapidly developed and mutual visits of high-ranking officials were frequent and economic cooperation expanded with each passing day. Between 1980 and 1990, France had 76 projects of direct investment in China, involving some \$500 million, of which cars produced in Sino-French cooperation and "Dynasty" wine have already won great popularity among the Chinese people.

Here, we must mention that any country that wants to maintain friendly and normal state-to-state relations with China must clearly see that it must observe the principle of one China, that Taiwan is an inseparable part of China, and that China's domestic affairs should not be intervened in. Last autumn, Chinese Foreign Minister Qian Qichen solemnly stated to the world: The Taiwan issue is China's domestic affairs and has a bearing on China's national dignity and the fate of the country; it affects the basic interests of the Chinese people; the Chinese Government and the Chinese people will never make any concession on this point. France has precisely deeply hurt China on this most sensitive issue.

It seems that it would be better for the French side to earnestly deal with China's representations and protest. Strategic foresight is indispensable to a genuine

statesman. Long-term interests and the whole situation are of the strongest importance and must conform to the people's basic interests.

### **Finland To Cooperate in Forestry Technology**

*OW1412065392 Beijing XINHUA in English  
0549 GMT 14 Dec 92*

[Text] Helsinki, December 13 (XINHUA)—China and Finland plan to cooperate in forestry in the next two years, said visiting Chinese officials here on Sunday.

Chinese deputy minister of forestry, Shen Maocheng, during a visit to Finland from December 7 to 13, discussed with Finnish minister of agriculture and forestry, Martti Pura, over the 1993-1994 forestry cooperation program between the two countries.

Under the program, the two sides will exchange forestry technologies in the coming two years.

They also discussed the setting up of joint exemplary forestry centers and paper pulp mills in China.

### **Zou Jiahua Meets German Entrepreneurs**

*OW1112131092 Beijing XINHUA in English  
1212 GMT 11 Dec 92*

[Text] Beijing, December 11 (XINHUA)—Chinese Vice-Premier Zou Jiahua had a friendly talk here today with Dr. Guenther Wagner, member of the board of directors of the Klockner-Humboldt-Deutz AG (KHD) from Germany on the expansion of economic and technological cooperation between the two sides.

Zou said during the meeting with Wagner and his party that KHD and other German companies have not only developed economic and technical cooperation with China, but also trained many Chinese economic management and technological personnel.

Zou expressed the hope that such cooperation between the two sides will continue.

Wagner said he has come to China for the purpose of discussing with his Chinese colleagues the possibilities of cooperation in manufacturing engines.

Over the past ten years or more, KHD has transferred to China licences for producing eight kinds of engines. KHD engines have been widely used in China.

## Political & Social

### Deng Rejects Idea of Expansionist China

HK1412063892 Hong Kong CHING PAO in Chinese  
No 185, 5 Dec 92 p 47

[Article by Ming Li (2494 7787): "Deng Xiaoping Refutes Views on China's Expansionism and Aggression"]

#### [Text] China Needs Peace More Than Any Other Country

Recently, after reading reports from foreign news agencies saying that "China is a hidden threat to Asia and in the South China Sea," Deng Xiaoping laughed heartily and said to his office personnel that this was the usual practice adopted by proponents of hegemonism and power politics over the years in their propaganda efforts overseas. Today, in Asia, state-to-state relations are relatively peaceful. All countries are now working for economic development to boost national strength. In the world today, who possesses 1,000 times more sophisticated weapons than needed for defensive purposes? Who interferes in the internal affairs of other countries everywhere? Who still occupies the territory of other countries? Who threatens and invades other countries using military force? Who exports large quantities of weapons to other countries and even two belligerent countries? Is it not the one which intends to be a regional hegemonist power and pursues hegemony and power politics? **Comrade Deng Xiaoping said: China needs a peaceful environment and stable social situation more than any other country. It will carry out its own construction wholeheartedly and will continue to so 100 years later. This is our national policy. We wish to do our utmost and play a role in promoting peace in the international community. China is a developing country with a huge population and vast territory. Ours is a big country, but at a time when world peace and security are not secure, it is natural for us to accelerate the modernization of our three armed services and master advanced, sophisticated weapons for the sake of defending our country. If we encounter armed aggression committed by a foreign county, we will have enough power to strike. Once war is imposed on us, we are entitled to fight back, and by then the aggressors will be unable to manipulate the situation alone and will pay a high price for what they have done.**

#### China Will not Seek Hegemony After It Has Become a World Power

Deng Xiaoping went on to say that, for historical reasons, including problems created and left by the colonialists, there are some border disputes and disputes over the ownership of islands in the seas between different states. **China's principle is to solve problems by peaceful means and through negotiations. Those which cannot be solved for the moment can be shelved for the time being. The issue of common development can be discussed before other issues. Why should people resort to force? The people of Asia have experienced enough suffering from**

war Who wants a war to take place among Asian states? Who wishes for a war to take place among the nations of the Third World?

Deng also said: We have long proclaimed to the world that today China does not seek hegemony. It opposes hegemony. By the middle of the 21st century, when China has become a world power, it will still not seek hegemony and expansionism. It will insist that all nations, big or small, strong or weak, poor or rich, should be treated as equals and respect one another. Similarly they have the right to speak, survive, and develop. This should and also must be the trend of world development. We have solemnly declared: **On no account will we yield to any outside pressures on issues concerning the national interest and state sovereignty. What did countless Chinese people struggle and sacrifice for in the last 100 years or so? We have also solemnly declared that if China seeks hegemony and pursues power politics and expansionism, all the countries of the world must rise against it. Just think. When a country is controlled and manipulated by another country, it loses even its sovereignty. In this situation, how can it speak about democracy and human rights? To pursue power politics is in itself to trample on peace, democracy, freedom, and human rights and try to dominate the world and dictate the destiny of other countries. The Chinese people have experienced this suffering. It has been reported that some parts of Deng Xiaoping's talk have been distributed as a document for study.**

### Qiao Shi Discusses Building Chinese Socialism

OW1312141992 Beijing XINHUA Domestic Service in Chinese 1355 GMT 12 Dec 92

[Text] Beijing, 12 Dec (XINHUA)—In his speech at the graduation ceremony of the 13th on-the-job training class for cadres working at provincial level organizations, Qiao Shi, member of the CPC Central Committee Political Bureau Standing Committee and president of the Central Party School, said: In conscientiously studying the basic theory of Marxism, especially Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, leading cadres at all levels should continue to study new situations and try to solve new problems so as to unswervingly push forward the cause of building socialism with Chinese characteristics.

The graduates of this class—75 in all—registered on 1 September. They worked hard to study the basic theory of Marxism, the important remarks by Comrade Deng Xiaoping during his south China inspection trip, and the documents of the 14th National CPC Congress. Revolving around the topics of building socialism with Chinese characteristics and improving economic conditions, they have conducted extensive discussions. Qiao Shi expressed his congratulations on their successful study and presented them with diplomas.

Qiao Shi also expressed his hope that the graduates will cultivate the good habit of reading and thinking once they return to their posts. He stated: Under the new

circumstances, we are faced with new situations and problems. It is very important for leading cadres at all levels to strengthen their theoretical study and research. Cadres who do not pay attention to theoretical study will not be able to meet the needs of national construction in the new period and the need for reform and opening up. Qiao Shi continued: The party's basic line advocated by Comrade Deng Xiaoping, and the new outline of the theory of building socialism with Chinese characteristics adopted at the 14th National CPC Congress, achieved new breakthroughs in the aspect of theory. It is imperative for us to continue our theoretical study by integrating it with practical work so as to unify the ideology of the entire party. Meanwhile, we should continue to study the theory and try to improve it in our daily work. He added: It takes a long time to build socialism with Chinese characteristics. During this process, many problems need to be studied. For example, how can we unswervingly adhere to the Four Cardinal Principles and the policy of reform and opening up at the same time? How can we handle both the socialist market economy and macroeconomic control? How can we bring enthusiasm of all aspects into full play? We should conduct our study and practice at the same time in order to continue to develop socialism with Chinese characteristics.

Qiao Shi said: During the course of reform and opening up we should strengthen rather than weaken the theoretical study and the building of party schools. The more efforts we make on improving the economy, the more work we should do in strengthening cadres' study of theoretical study and building of party schools. Ours is a Marxist party. It is necessary to adhere to the fundamental principles of Marxism; therefore we should read basic works of Marxism. It is particularly important for us to integrate the study of works by Comrades Mao Zedong and Deng Xiaoping with the realities in China. Leading cadres at all levels, and young leading cadres in particular, should study the basic principles of Marxism. Efforts should be made to turn party schools into important bases for propagating basic principles of Marxism and the theory of building socialism with Chinese characteristics. He continued: The education of party schools should center around the basic line of "one central task and two basic points" and should serve the basic line of the party. We can not just discuss party building and the work of party schools without giving consideration to the basic line of the party. We should strengthen the work of party schools, and party schools should also continue to seek self-improvement. Central to reform in party schools is teaching improvement. It is necessary to improve subject content, which should be useful. In carrying out the principle of integrating theory with reality, we should try to combine the study of the basic principles of Marxism with practical problems in China. We should carefully select for reading the original works of Marxism. We should carefully design the syllabus and provide new content. Qiao Shi stated: We should improve the conditions for running party schools so as to create a fine environment for study in party schools. He expressed his hope that leading cadres at provincial and

ministry levels would care about and support the building of party schools at all levels and would help improve the work of party schools.

Xue Ju, vice president of the Central Party School, presided over the graduation ceremony. Su Xing, vice president of the Central Party School, attended the meeting.

### Urges Leaders Study Socialist Theory

OW1212143492 Beijing XINHUA in English  
1422 GMT 12 Dec 92

[Text] Beijing, December 12 (XINHUA)—A Chinese Communist Party leader has urged the party leaders at all levels to learn the basic principles of Marxism, especially Deng Xiaoping's theory on building socialism with Chinese characteristics.

Qiao Shi, a member of the Standing Committee of the Political Bureau and president of the Party School of the Central Committee of the Communist Party of China (CPC), made the remarks at the graduation ceremony of the 13th course for advance studies by officials at provincial or ministry level on Friday [11 December].

Qiao hoped that the officials would cultivate the habit of reading and studying the work ahead. He said it was urgent to strengthen the study and discussion of theory by leading officials at all levels in a bid to meet the needs of reform and opening to the outside world.

There were 75 students at the 13th training course. They studied the fundamental theory of Marxism, Deng's remarks calling for further opening and reform earlier this year and documents of the 14th National Congress of CPC. They also launched discussions on building socialism with Chinese characteristics and economic construction.

Qiao Shi said that a long period will be needed to build socialism with Chinese characteristics. There are many problems to be faced through study, such as how to adhere to the four basic principals of the CPC while upholding to reform and opening to the outside world.

Theoretical work and party school work should be strengthened in the reform and opening as well as the construction of modernization, Qiao said.

Qiao hoped that the leading officials at provincial and ministry levels would pay a great deal of attention to the development of party schools at all levels.

Xue Ju, the executive vice president of the Party School of the CPC Central Committee, presided at Friday's graduation ceremony.



**'Source' Reveals Hu Jintao's, Others' New Posts**

HK1212061792 Hong Kong CHING CHI JIH PAO in Chinese 11 Dec 92 p 7

[By staff reporter Li Hsiao-Chuang (2621 2556 8369): "Hu Jintao Reportedly To Become President of the Central Party School and Wen Jiabao Is To Become Head of United Front Work Department"]

[Text] Since the 14th CPC National Congress, in addition to the intense arrangements for the high-level personnel in various provinces and cities, frequent transfers within the central leadership have also been made. According to a Beijing source, Hu Jintao will take over from Qiao Shi as Central Party School president, and Wen Jiabao will replace Ding Guangen as head of the United Front Work Department.

According to the source, Qiao Shi's important speech at the Beijing meeting to mark the promulgation of PRC's Constitution a short time ago has increasingly confirmed the rumor that he will replace Wan Li as National People Congress (NPC) Standing Committee chairman in March next year. Over the past few years, Qiao Shi has all along had the power of political science and law in his hands within the CPC, hence he is considered a suitable candidate for the post of NPC chairman.

The source also disclosed the work for Hu Jintao, the youngest member of the CPC Political Bureau Standing Committee. Besides taking charge of organization and personnel work, his more specific work includes responsibility for the trade union, youth league, women's federation, democratic parties, and so on. Since some people within the CPC are anxious about the endless growth of Qiao Shi's power, it is well reasoned to let Hu Jintao take some power from Qiao Shi.

"After Ding Guangen was appointed Central Propaganda Department head, some people suggested that Central General Office Director Wen Jiabao take over Ding's vacancy as United Front Work Department head, (and Zeng Qinghong, deputy director of the General Office, take up the post of director)," said the source.

Wen Jiabao, 50, was once director of the CPC Central Committee General Office in the Zhao Ziyang era. Many people believe that if he were not tied up with Zhao, his position would certainly have been higher than it was at the 14th party congress.

**Ren Jianxin on Maintenance of Social Order**

OW1212064592 Beijing XINHUA Domestic Service in Chinese 1131 GMT 9 Dec 92

[By RENMIN RIBAO reporter Mao Lei (3029 4320) and XINHUA reporter Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 9 Dec (XINHUA)—The Central Committee for Comprehensive Management of Public Security held its Eighth Plenum at the Great Hall of the People this morning to discuss the work situation of

comprehensive control of social order in 1992 and the main points of work for 1993. It also approved name lists of advanced units and individuals in comprehensive management of public security nationwide.

The meeting was chaired by Ren Jianxin, member of the CPC Central Committee Secretariat, who was recently appointed as both secretary of the Central Commission of Political Science and Law, and chairman of the Central Committee for Comprehensive Management of Public Security.

In his speech, Ren Jianxin said: Since the establishment of the Central Committee for Comprehensive Management of Public Security last year, and under Comrade Qiao Shi's leadership, the work of comprehensive management of public security has achieved tremendous progress and made new breakthroughs, bringing it to a new level. Party committees and governments at all levels, as well as various departments concerned have mobilized and organized the masses, and have done a great deal of work with good results, giving rise to a batch of advanced units and individuals. Members of the Central Committee for Comprehensive Management of Public Security and units under its control adopted a pragmatic approach, did a great amount of practical work, and were able to play their respective roles, thereby giving rudimentary shape to a situation of joint effort and collective management. He hoped everyone concerned would carry forward this fine tradition and its practical methods, and would further bring into play the role of the Central Committee for Comprehensive Management of Public Security, and push forward the work of comprehensive control of social order in a more penetrating and down-to-earth manner.

Analyzing the current social situation in China, Ren Jianxin observed that our country has achieved political stability, economic progress, and social stability. Principally and basically, this is an excellent situation. However, we must not fail to notice the continued existence of many problems in public security, and the presence of a considerable number of factors that will affect that stability. We have not been able to effectively control outbreaks of major criminal cases or ugly phenomena in society; public security in some cities and towns, and some rural areas, is not good, with criminal rings of gangsters blatantly committing various thefts and robberies, thereby causing a good number of complaints by the people. Therefore, we must not be unrealistically optimistic about the public security situation. In our minds and during our work we must not lower our guard or slacken our vigilance in the least.

Ren Jianxin stressed: "The work of comprehensive control of public security is a long-term task." To fulfill this task, we must rely on the leadership provided by party committees and governments at all levels; joint efforts and collective management by various departments and units, as well as close cooperation between the political departments and the broad masses of people using political, economic, administrative, legal, cultural or

educational means; the adoption of a two-pronged approach of cracking down and prevention; dealing with problems by looking at their root cause and symptoms, with the emphasis on taking radical measures. Only then can we thoroughly resolve the problems of public security and maintain long-term social stability.

Ren Jianxin stated that the 14th party congress had fully affirmed the work of comprehensive management of public security, raised the level of public security work to a new height, and made more stringent demands on it. We must take advantage of the powerful east wind generated by the 14th party congress to work ceaselessly and unremittingly to do a still better job in comprehensive control of social order, and strive to gradually improve our social order and ensure long-term social stability so that the party Central Committee may rest assured, and the entire people in the country may feel satisfied.

Ren Jianxin said: 1993 will be a decisive year for realizing the first Five-Year Plan for comprehensive management of public security. We must seriously implement the guidelines of the 14th party congress and of the Central Committee requiring us to uphold the party's basic line and the strategic principle of paying equal attention to promoting reform, opening up and economic development on the one hand, and proper management of public security on the other. We must adhere to the basic principle of comprehensive management, adapt ourselves to the needs of the socialist market economy, improve our methods of work, and further carry out various measures for comprehensive management down to the grassroots level. It is necessary to follow the principle of "dealing severe blows against serious criminal activities" by giving priority to thoroughly tackling major cases and waging a hard fight against thefts and robberies; intensifying our efforts on prevention and management work; ensuring social stability in order to create a favorable social environment for reform and opening to the outside world and economic construction; and propelling social progress in an all-round way.

He proposed that party committees and governments at all levels, as well as various departments and units, further enhance their understanding, strengthen their leadership, properly discharge their responsibilities and continuously heighten their sense of political responsibility and urgency toward "maintaining local order." When dealing with public security problems in the course of modernization construction, we should always maintain a clear consciousness and adopt tough measures to prevent deterioration of social order caused by negligence or slackening of efforts of leaders. We must fully understand that only by maintaining long-term social stability can we consolidate the central position of economic development—only by properly handling the relations between reform, opening up, and economic construction on the one hand and comprehensive management of public order on the other, seeing to it that equal emphasis is laid on both aspects, can we smoothly

and soundly carry forward the great cause of building socialism with Chinese characteristics.

Ren Jianxin called on various areas and various departments to closely integrate their work with reality, and pay particular attention to problems about which the people have voiced their strong feelings. We must proceed from areas and units whose social order has continuously been disrupted, and concentrate efforts to improve the situation and rectify the order within a specified period. Various departments and various trades and professions must further enhance their consciousness toward getting involved, incorporate demands for comprehensive management into their respective work and duties, and devote more time and energy to playing their respective roles in this regard.

Wang Fang, state councillor and concurrently vice chairman of the Central Committee for Comprehensive Management of Public Security, attended the meeting. Others who spoke at the meeting included Han Zhubin, minister of railways; Gan Zhijian, vice minister of construction; Ai Zhisheng, minister of radio, film and television; Yang Yanyin, secretary under the Secretariat of the All-China Women's Federation; Bai Jingfu, vice minister of public security; Cai Cheng, minister of justice; and Ruar Chongwu, minister of labor. Shu Huaide, member of the Central Committee for Comprehensive Management of Public Security and director of the committee's General Office gave a briefing on the current year's situation and the key points of work for next year.

### Beijing TV Begins Series on Social Order

OW1412003292 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 12 Dec 92

[Station report over video by Lu Weichang and Wang Jiansheng and correspondent Xu Lichun; from the "National News Hookup" program—"The Road Leading to Long-Term Peace and Stability"]

[Text] A good social environment is essential for reform, opening up, and economic construction. It is the people's common aspirations that reform, opening up, and economic construction can proceed smoothly through comprehensively controlling social order. Beginning today, this station will transmit a series of reports entitled "The Road Leading to Long-Term Peace and Stability."

Reform and opening up has changed people's thinking, opened the doors of an enclosed society, and greatly accelerated the nation's economic development. At the same time, however, China has come face to face with a kind of social order so grave it has never experienced it ever before. Crimes of all descriptions are now at the third highest level recorded since the founding of the republic.

The CPC Central Committee and the State Council attach great importance to social order. Last year, in

addition to issuing the special decision about intensifying overall control over social order, they also formed the Central Commission for Comprehensive Control of Social Order—a commission formed by leading members from 28 party, government, and military departments as well as mass organizations.

The National People's Congress [NPC] Standing Committee also examined and approved the Decision on Intensifying Comprehensive Control of Social Order, codifying the operations in this field into law [video shows an NPC session, along with this caption: "The Decision Clearly Points Out: To Comprehensively Control Social Order, We Must Uphold the Principle of Cracking Down and Preventing Crimes at the Same Time, Deal With Symptoms and Root Causes Simultaneously, and Underscore Radical Treatment."]

During his inspection tour in southern China early this year, Comrade Deng Xiaoping, who attaches great importance to material and spiritual construction, re-emphasized that we must crack down on all forms of crimes and wipe out all sorts of vile actions while proceeding with reforms and opening up to the outside world, and that actions taken in these two areas must be tough. He also expressed the hope that while China must catch up with the four little dragons in Asia in economic construction, it also must surpass the four little dragons in spiritual construction. [Video shows file footage of Deng Xiaoping, with his daughter Deng Rong on his left and Guangdong Party Committee Secretary Xie Fei on his right, inspecting southern China. Then the camera shows close-ups of Deng sitting down, with Deng Rong and his wife Zhuo Lin sitting nearby, making a strong statement, gesticulating with both hands. The thumb and index finger of Deng's left hand can be seen twitching uncontrollably, even when his left hand is resting on his abdomen.]

The 14th National CPC Congress also stressed that we must be tough in handling the tasks in the two areas. It also incorporated the need of intensifying social order comprehensive control into the new party constitution. This has further enhanced the consensus of understanding among all party members and created conditions most favorable for intensifying comprehensive control of social order. [video shows file footage of Jiang Zemin making a speech at the 14th National CPC Congress, and this caption: "The General Program of the Party Constitution States: Intensify the Comprehensive Control of Social Order To Maintain Long-Term Social Stability. Firmly Crack Down on All Kinds of Crimes and Criminal Elements Which Endanger National Security and Interests as Well as Social Stability and Economic Development"]

[Video cuts to show a journalist interviewing a well-dressed male in his early fifties, identified in the caption as "Shu Huaide, chairman of the Central Commission for Comprehensive Control of Social Order"]

[Reporter] Comrade Su Huaide, how will the problems of China's social order be dealt with under the new situation?

[Shu] To deal with the problems of China's social order, we must intensify comprehensive control of social order. Social order problems collectively reflect the problems in various social sectors. We must mobilize and organize all social forces and deal with these problems comprehensively through political, legal, administrative, economic, cultural, and educational measures so as to prevent and reduce lawlessness and crimes, safeguard public order, and maintain long-term social stability.

#### **Propaganda Head Reportedly Stops New Journals**

HK1312070092 Hong Kong MING PAO in Chinese  
13 Dec 92 p 24

[By MING PAO special reporter Chung Chi-ming (6945 1807 2494): "New CPC Propaganda Department Head Ding Guangen Orders Suspension of Examination and Approval of Applications for New Journals"]

[Text] Ding Guangen, CPC Political Bureau member, concurrently the newly appointed Propaganda Department director, attended a meeting of the State Press and Publications Administration last week and called for vigilance against some people "starting trouble" by seizing the opportunity of journals to be "run like enterprises," and ordered suspension of examination and approval of applications for new journals, a well-informed source in Beijing disclosed.

The source indicated that the State Press and Publications Administration called a meeting for responsible persons of the press and publications departments of various provinces and municipalities last week. The meeting's original theme was to study how to implement journals being run "like enterprises" in China from now on and to summarize recent work concerning the press and publications. However, new Propaganda Department Director Ding Guangen attended the meeting and said that it was necessary to "temporarily suspend" the examination and approval of applications for the establishment of new journals.

At the meeting, Ding Guangen mentioned that it should be a fine thing for journals to be run like enterprises, and it would be the development trend from now on; however, since the beginning of this year, establishment of some 400 varieties of journals had already been approved, the bulk of which were journals in the categories of humanities and social sciences.

In addition, some 500 varieties of magazines were still awaiting approval for establishment.

Deng Guangen said that Chinese journals had just started to advance towards the market, and people had no idea what the development would be like; furthermore, viewing past experiences and problems surfacing in current journals, it was necessary to be vigilant against



some people starting trouble, or "increasing trouble" by utilizing the situation in which journals were to be "run like enterprises"; after all, journals are related to ideology.

The source said that "some problems" singled out at the meeting were "The Trends of History," which was banned earlier this year, "Memoranda on Guarding Against Leftism," banned recently, and the journal WEILAI YU FAZHAN ["THE FUTURE AND DEVELOPMENT"], which was ordered to suspend all its activities not long ago (refer to this paper's issue yesterday.)

According to the source, the related authorities had ordered a temporary suspension of WEILAI YU FAZHAN; however, conclusions about the handling of its case were not yet drawn.

The authorities ordered the journal's suspension on the grounds that "it has carried things beyond the journal's nature defined in its application for establishment." The journal was sponsored by the China Association for Science and Technology, and its nature defined in its application was the "category of science and technology." However, the articles it carried involved politics and were considered to be violating its original purport.

The source said that to increase their circulation, domestic journals had basically developed in the "comprehensive-type" direction; only WEILAI YU FAZHAN had gone too far, and ended in "having stirred up a hornet's nest" (causing itself great trouble).

The source added that the current suspension of examination and approval of applications for establishment of new journals would not have comparatively systematic theoretical support as in the past, and was set out mainly on the grounds of allowing existing journals to experiment with operation like enterprises; besides, the authorities had no desire to "cause or add trouble" in the ideological arena.

#### **Journal Closure After Democracy Demand Detailed**

*HK1212044292 Hong Kong MING PAO in Chinese  
12 Dec 92 p 7*

[Report: "WEILAI YU FAZHAN Is Forced To Stop Publication After Carrying Xu Liangying's Article on Democracy"]

[Text] The CPC Central Committee has issued an order to shut down the official bi-monthly WEILAI YU FAZHAN [FUTURE AND DEVELOPMENT] for publishing the first calls for greater democracy since the 1989 "4 June" massacres.

AGENCE FRANCE PRESSE quoted a well-informed Beijing source that WEILAI YU FAZHAN was ordered to halt all operations last week after carrying in its October issue an article by veteran human rights

activist Xu Liangying [6070 5328 5391], a close friend of the exiled dissident, the famous astrophysicist Fang Lizhi.

In his article, Xu Liangying compared Chinese leaders with Adolf Hitler. In another commentary by Yu Haocheng [0060 3185 2052], the famous dissident and scholar in the law science, the author warned that the CPC regime would be shaken should the CPC refuse democratization.

Neither dissident agreed with Deng Xiaoping's argument that "economic reform does not call for simultaneous democratization."

For the time being, it has not been clarified whether or not the shutdown order is effective for good.

It was learned that about 20,000 copies of the journal's October edition were distributed before the closure and photocopies of related articles were being passed among intellectuals. Xu Liangying, a 72-year-old natural scientist with the Chinese Academy of Sciences, argues in his article, "Reform Cannot Succeed Without Political Democracy," that China's market reforms will be impossible without steps to introduce greater democracy.

He suggests that if Beijing continues along its current path, it could be compared with the regime of Adolf Hitler.

The article says: "If growth in production is the only standard for social progress, then Hitler's Germany, not Asia's 'four dragons,' deserves to be praised. Based on its 'great achievements,' we should chant 'Long Live Hitler.'"

He rejects the argument that China can follow the model of the "four dragons," since the four—South Korea, Taiwan, Hong Kong, and Singapore—are all private economies.

In addition, Xu Liangying said: "It is very difficult for democracy to move even a single step in China."

"Especially in the wake of the 1989 Tiananmen Square incident, which shocked China and even the whole world, democracy and freedom have been regarded as an epidemic, and all people supporting democracy labelled 'enemy.'"

He rejects the Beijing authorities' argument that "acquiring food is the most basic human right." "Men are no longer animals that are simply satisfied with acquiring food, drink, and emptying the bowels."

WEILAI YU FAZHAN is an official journal, which the China Association of Science and Technology officially registered with the authorities.

In August this year, this journal opened a "Prospects and Difficulties of China's Reform in the Next 10 Years" column, inviting contributions from liberal scholars.



In his article, Yu Haocheng refers to "a small number of leading cadres" being scared of democracy. He warns that the CPC dictatorship would be threatened without reform. "The situation under which a deaf ear is turned to any voices is filled with crises, and can no longer suppress the Chinese people's political awakening, which the leading strata has underestimated."

He added: "Reform should not be confined to the economic arena, opening up is called for simultaneously in the political and cultural arenas."

Both Xu Liangying and Yu Haocheng were very active during the 1989 democratic campaign. Yu Haocheng was held in custody in the wake of the authorities' suppression, and was later stripped of his CPC membership.

It was learned that the China Association of Science and Technology party group, which oversees the journal, ordered the magazine to close down after the articles by Xu Liangying and Yu Haocheng aroused the attention of the CPC top echelon.

#### **Ding Guangen Congratulates Democratic Congress**

*OW1412011292 Beijing XINHUA Domestic Service in Chinese 0830 GMT 11 Dec 92*

[By reporter Niu Changzheng (3662 7022 1767)]

[Text] Beijing, 11 Dec (XINHUA)—The Seventh Congress of the China Association for Promoting Democracy [CAPD] opened at the Great Hall of People today. Ding Guangen, member of the Political Bureau and the CPC Central Committee Secretariat, delivered a congratulatory message to the congress on behalf of the CPC Central Committee.

The CAPD congress' tasks are to earnestly study and implement the 14th CPC National Congress guidelines and, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, to sum up the CAPD's work since its sixth congress and define the tasks for the next five years; to examine and approve amendments of the "CAPD Constitution"; and to elect a new central committee. The congress' purpose is to better unite all CAPD members in concentrating themselves on the central task of economic construction and striving to bring into full play the role of a party participating in government administration, improve the CAPD ideologically and organizationally, emancipate minds, and seek truth from facts, thereby contributing to building socialism with Chinese characteristics.

Ding Guangen read the congratulatory message from the CPC Central Committee to the congress. The message says: In the 47 years since its founding, the CAPD has always shared weal and woe with the CPC, performing meritorious deeds for the cause of Chinese revolution and construction, and playing an important role in the national political life. The CAPD has endorsed the

CPC's basic line of "one central task, two basic points" and actively taken part in and exercised democratic supervision over the consultation and implementation of the nation's major political principles. CAPD members at large have devoted themselves to the modernization drive and contributed their ability and talent at their posts. CAPD members who have engaged in basic education, teacher-training education, and vocational education have performed outstandingly well by carrying forward the "spirit of gardeners" and working hard to exemplify themselves in words and deeds for their students. CAPD organizations at various levels and members at large have attached importance to bringing into play their own special features and strong points, conducting in-depth investigative studies, and making serious suggestions on issues pertaining to the improvement of basic education and popularization of compulsory education. They have also taken the initiative to promote such activities as giving lectures, running schools, providing information services, assisting the frontier with intellectual resources, and launching international exchanges, thereby winning society's applause. The CPC Central Committee sincerely pays its highest respects to all CAPD leading comrades and members and wishes its seventh congress a great success.

Zhao Puchu, executive chairman of the presidium of the CAPD Central Committee, delivered the opening speech to the congress.

Lei Jieqiong, executive chairperson of the presidium of the CAPD Central Committee, presided over today's meeting and delivered a work report entitled "Emancipating Minds, Seeking Truth From Facts, and Contributing More To Building Socialism With Chinese Characteristics." The report reviewed the CAPD's work and experiences over the past four years, since the sixth congress, and put forward suggestions for future work.

Lu Jiayi, chairman of the Chinese Peasants' and Workers' Democratic Party, read a congratulatory message on behalf of the central committees of the seven other democratic parties and the All-China Federation of Industry and Commerce.

Yei Fei, vice chairman of the National People's Congress Standing Committee; State Councillor Chen Junsheng; Gu Mu, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee; Jiang Minkuan, executive deputy director of the United Front Work Department of the CPC Central Committee; Song Demin, secretary general of the CPPCC National Committee; and other responsible comrades of the departments concerned attended today's meeting.

Chen Shunli, Ge Zhicheng, Chu Zhuang, Yei Zhishan, Mei Xiangming, Chen Nanxian, Feng Jicai, and Deng Weizhi, the executive chairmen of the presidium of the CAPD, and some 440 deputies from all over China attended today's meeting.

### Council To Cut 'Hundreds of Thousands' of Jobs

HK1212034492 Beijing ZHONGGUO XINWEN SHE  
in English 0305 GMT 12 Dec 92

[Text] Beijing Dec 12 (CNS)—It is reported that one-third of cadres working in entities under the State Council and numbering some hundreds of thousands will be made redundant. The State Planning Commission will be suffer the greatest impact with its original staff of 2,000 cadres being reduced to a mere 400, who will be responsible for taking care of macrocontrol and mapping out medium- and long-term development programmes. They will not engage in any microcontrol planning, thus reducing interference in individual enterprise operations.

The different kinds of traditional systems in party and government organs have prevented cadres and technicians from fully using their potentials while society has not created a broad and attractive environment for them. It is this which is seen as an urgent problem to be solved in the process of reform and openness.

### Commentator on 14th CPC Congress Documents

OW1412061092 Beijing QISHI in Chinese No 22,  
5 Nov 92 pp 46-47

[Article by unidentified staff commentator: "Conscientiously Study the Documents of the 14th National Party Congress"]

[Text] The 14th National CPC Congress was a meeting of far-reaching historical significance. Documents adopted at the meeting, including Comrade Jiang Zemin's report and the revision of the party constitution, will play an important guiding role in China's socialist modernization and our party building. These documents constitute a powerful ideological weapon ensuring our progress toward victory.

The documents of the 14th National CPC Congress are supported by a fundamental ideology. Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, these documents have summed up the experiences over the 14 years since the Third Plenary Session of the 11th CPC Committee, confirmed the strategic planning for a period in the future, mobilized all comrades of the party and the people of all nationalities across the country to accelerate the pace of reform, opening up, and modernization by further liberating our minds and by taking advantage of current favorable opportunities. The adoption of the documents means that our party has acquired a better understanding of the rule concerning building socialism with Chinese characteristics. To successfully carry out our task of building socialism with Chinese characteristics in the 1990's and in the next century, we should conscientiously and comprehensively apply the guiding spirit of the documents to our daily work. We should correctly study the guiding spirit of the documents before we carry it out. At present and for a period of time in the future,

we should concentrate on studying the documents of the 14th National CPC Congress and try to profoundly understand their guiding spirit.

In studying the documents, we should fully understand the theory advocated by Comrade Deng Xiaoping on building socialism with Chinese characteristics and enhance our consciousness of adhering to the party's basic line. The theory of building socialism with Chinese characteristics is a product of integrating the basic principles of Marxism-Leninism-Mao Zedong Thought with realities in China and special characteristics of the times. Through inheriting and developing Mao Zedong Thought, the theory is the first attempt to provide an initial answer in a relatively systematic manner to a series of questions, such as how to build socialism in China, where economic and cultural conditions are relatively backward, and how to consolidate and develop socialism. Under the guidance of this theory, our party has formed a basic line for the primary stage of socialism. The report of the 14th National CPC Congress has made a profound generalization of the major contents of this theory. In studying the documents of the 14th National CPC Congress, we should focus on this theory. If we correctly study it, we will be able to understand the party's basic line from the theoretical plane. Party history proves that having correct theoretical guidance is a must for forming a correct party line. To consistently maintain a correct line, we must arm the whole party with correct theories. Only when the whole party understands the correct theory can we translate its basic line into conscientious actions by the whole party. Therefore, it is imperative to organize the whole party to study the documents of the 14th National CPC Congress and arm the whole party with the theory of building socialism with Chinese characteristics. In this way, we can strengthen the consciousness of adhering to the basic line of the party and comprehensively carry out the guiding spirit of the 14th National CPC Congress.

It is imperative for us to conscientiously study the documents of the 14th National CPC Congress; have a better understanding of the situation; quicken the pace of reform, opening up, and economic development; and concentrate on improving our economy to successfully accomplish the major tasks of the 1990's. Modern Chinese history and the realities of the contemporary world tell us that we will be controlled by other countries if our economic situation is backward. The report made by Comrade Jiang Zemin has analyzed the current domestic and international situation in a comprehensive manner and outlined the tasks of reform and national construction in the 1990's. The study of the documents of the 14th National CPC Congress will help us understand the current favorable opportunities, challenges of the present situation, and the urgency of accelerating reform, opening up, and improving our economy. By studying the documents of the 14th National CPC Congress, particularly the goal of building a socialist market economic system through restructuring, we are able to fully understand the economic rule of socialism with Chinese

characteristics. To ensure the successful accomplishment of the tasks of reform and national construction in the 1990's, all comrades of the party must enhance their consciousness of building and perfecting a socialist market economic system and take advantage of the current favorable opportunities to create an environment for rapid economic growth and better economic efficiency.

In studying the documents of the 14th National CPC Congress, we must adhere to the principle of improving material and spiritual civilization and party-building work. The report delivered at the 14th National CPC Congress emphasizes Comrade Deng Xiaoping's idea of adhering to the principle of improving material and spiritual civilizations. This strategic principle, a basic guidance for us over the past 14 years, will be unswervingly carried out in the future. The report says that our major task, which has an important bearing on the whole situation, is this: While revolving around economic development, we must actively push forward reform of the political system, strengthen the socialist legal system and spiritual civilization construction, and promote society's overall progress. The report emphasizes the importance of strengthening party building and its leadership, improving the combat effectiveness of the party and its governing ability, and playing a better role with the party as the leading core. These are the important aspects of the guiding spirit of the 14th National CPC Congress. Only by conscientiously studying it can we profoundly understand its essence and apply it in our daily work.

All in all, the 14th National CPC Congress is full of an important guiding spirit. Only by conscientiously studying it and trying to understand and practice it in a comprehensive way can we achieve the expected results.

In studying the documents of the 14th National CPC Congress, we must conscientiously carry out the principle of integrating theory with practice. We should apply this principle to the practical work of all localities, departments, and units. We can only bring a correct theory into full play by integrating it with realities. Under the guidance of the theory of building socialism with Chinese characteristics, we will continue to study the new situation, solve new problems, and launch our work creatively. We will carry out the guiding spirit of the 14th National CPC Congress in grass-roots units, turning it into actions by the broad masses of cadres and people. In launching the study of the documents, we should avoid formalism. Instead of just passing along the documents, we should apply their guiding spirit in our daily work.

In studying the documents of the 14th National CPC Congress, we should study basic Marxist theory. We should pay particular attention to integrating Comrade Deng Xiaoping's works with the basic theory of Marxism. The fundamental content of building socialism with Chinese characteristics, as advocated in the documents of the 14th National CPC Congress, is a

scientific conclusion reached by integrating the universal principle of Marxism with concrete realities in China. It is an application and development of Marxism under new conditions. To correctly study Marxism, especially its basic method of seeking truth from facts, will be helpful in our profound understanding of the basic guiding spirit of the documents of the 14th National CPC Congress. Studying Comrade Deng Xiaoping's works, especially his important remarks made during his south China inspection trip at the beginning of this year, will help us gain a better understanding of his theory concerning building socialism with Chinese characteristics. Studying his works will be beneficial in our understanding of his scientific attitude and creative spirit as shown in his pursuit of Marxism and efforts to solve practical problems in China.

Leading cadres should take the lead in studying the documents of the 14th National CPC Congress. The key to correctly studying and carrying out the guiding spirit of the documents and to turning the theory of building socialism with Chinese characteristics into a tremendous force of accelerating reform, opening up, and modernization lies in leading cadres' efforts in taking the lead in studying and following such a guiding spirit. It is imperative for leading cadres to respond to the report's call and take the lead in following it.

If we can conscientiously study the documents and carry out the guiding spirit of the 14th National CPC Congress, we can arm the whole party with the theory of building socialism with Chinese characteristics and successfully push forward the great cause of socialism with Chinese characteristics.

#### State Council Confers First Police Ranks

OW1212135792 Beijing XINHUA Domestic Service in Chinese 1004 GMT 12 Dec 92

[By reporters Zou Aiguo (6760 1947 0948) and Zhou Lixian (0719 4539 2009)]

[Excerpts] Beijing, 12 Dec (XINHUA)—This afternoon, the State Council held a grand ceremony in the Great Hall of the People auditorium in Beijing to confer ranks on the people's police. This is the first time that the PRC has conferred ranks on the people's police since its founding.

State Council Premier Li Peng presented certificates of police ranks to 51 delegates with the ranks of inspector general, deputy inspector general, first-class inspector, and second-class inspector.

Tao Siju, Gu Linfang, and Jia Chunwang received the rank of inspector general; while Tian Qiyu, Yu Lei, Bai Jingfu, Jiang Xianjin, Hu Zhiguang, Su Zhongxiang, Song Pingshun, Xia Zhonglie, Wang Shengjun, Lin Chaogun, Wang Jintang, Tang Zhengren, and Li Zhishi received the rank of deputy inspector general.



The ceremony was held in a solemn and warm atmosphere. A military band played the national anthem after Luo Gan, secretary general of the State Council, declared the ceremony open at 1500. All recipients of the ranks rose to their feet as State Councilor Wang Fang read the State Council premier's decree awarding the police ranks of inspector general, deputy inspector general, first-class inspector, and second-class inspector. Later, the recipients were given collar badges and insignia. Amid thunderous applause in the auditorium, the delegates mounted the rostrum—in the order of inspector general, deputy inspector general, first-class inspector, and second-class inspector—to receive certificates from Premier Li Peng. [passage omitted]

The ceremony ended amid the strains of the "Song of the People's Police."

Leading comrades attending the ceremony included Zhu Rongji, Yao Yilin, Zou Jiahua, Wang Hanbin, Zhang Zhen, Ren Jianxin, and Liu Fuzhi.

#### Li Peng Speaks at Ceremony

OW1212123992 Beijing XINHUA Domestic Service in Chinese 1009 GMT 12 Dec 92

[Speech by Premier Li Peng at a State Council ceremony to confer police ranks on the people's police in Beijing on 12 December]

[Text] Beijing, 12 Dec (XINHUA)—Comrades: Today, the State Council is holding a grand ceremony to confer the police ranks of inspector general, deputy inspector general, first-class inspector, and second-class inspector on people's police officers holding leadership positions in departments in charge of public security, state security, and labor reform and education. This represents an affirmation of your contributions by the party and the people. It also represents a crowning honor for you and an honor for all members of the people's police force. On behalf of the party Central Committee, the State Council, and the Central Military Commission, I would like to offer my congratulations to you. The people's police are a politically reliable force that enjoys the trust of the party and the people. The people's police have worked unrelentingly and have made important contributions toward safeguarding the socialist system, maintaining public order, defending the people's democratic dictatorship, and protecting the people's legitimate rights and interests. I hereby extend my heartfelt thanks to you and, through you, to the people's police throughout the country. Furthermore, I would like to pay warm tribute to our comrades who have honorably left or retired from people's police posts.

The character and duties of the people's police have determined the need to implement a system of police ranks. This system represents a major initiative to strengthen and improve the people's police force. As an armed administrative force for state security, the people's police carry the formidable tasks of safeguarding state security and social stability and of protecting

reform, openness, and socialist economic construction. The management system, organizational structure, equipment, and support system of the police force are different from those of ordinary administrative organizations. For this reason, this force needs to foster a high level of political consciousness, a spirit of selfless devotion, and a strong sense of organizational discipline. Moreover, it should implement a centralized command system, acquire a quick-response capability, develop a continuous fighting capacity, and attain a high level of combat effectiveness. The implementation of a police rank system is crucial for giving full rein to the functions of the people's police; for further intensifying efforts to turn the people's police force into a revolutionary, modern, and regular force; for heightening the sense of responsibility, honor, and organizational discipline with the people's police; and for improving combat effectiveness. I believe that the implementation of a police rank system will certainly give a strong boost to the buildup of the people's police force.

Comrades: The 14th national party congress urged all party members, military personnel, and people of all nationalities throughout the country to score greater victories in the cause of building socialism with Chinese characteristics, calling on them to accomplish this goal through an accelerated drive toward reform, openness, and modernization. All party comrades and people of all nationalities should work together to achieve this grand goal. We should also make concerted efforts to overcome difficulties as we continue our advance. Moreover, we need to create a good social environment and to foster political unity and stability. Party committees and governments at all levels should continue to recognize the importance of strengthening the people's police force. They should also bolster the functions of the people's democratic dictatorship and rely on the joint efforts of special organs and the broad masses in persistently improving all aspects of public order and in firmly combating hostile forces and various criminal activities. All members of the people's police force should seriously study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, display a greater sense of consciousness and determination in implementing the party's basic line, cherish the idea of wholeheartedly serving the people, and promote clean government. They should forge close relations with the people; improve their work style; always give priority to the party's cause and the people's interests; run rigorous educational and training programs; impose strict discipline; strive to improve their political performance, professional competence, and law enforcement capability; and demonstrate intense revolutionary fervor and a strong sense of political responsibility in contributing toward the safeguarding of socialist economic construction, reform, and openness.

Comrades: It is our historic and sacred mission to build a strong, modern socialist country with Chinese characteristics. Under the correct leadership of the party Central Committee, with Comrade Jiang Zemin at the core,

I strongly believe that we will definitely make greater progress in building the people's police force into a revolutionary, modern, and regular force. I also believe that all members of the people's police force will live up to the expectations and great trust of the party and the people, and I believe that they will make greater contributions toward improving public order, which is conducive to socialist modernization.

#### **Jiang Zemin, Others Meet Policemen**

*OW1212140492 Beijing XINHUA Domestic Service in Chinese 1015 GMT 12 Dec 92*

[Text] Beijing, 12 Dec (XINHUA)—At the Great Hall of the People this afternoon, Comrades Jiang Zemin, Li Peng, Wan Li, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao met with delegates of a State Council ceremony that awarded people's police ranks. They also held a photo session with the police officers who had been given the ranks of inspector general, deputy inspector general, first-class inspector, and second-class inspector.

Leading comrades present at the meeting included Yao Yilin, Zou Jiahua, Wang Hanbin, Zhang Zhen, Ren Jianxin, Wang Fang, Liu Fuzhi, and Luo Gan.

#### **Yang Shangkun Inspects Qingdao, Shandong**

*OW1312234892 Beijing XINHUA Domestic Service in Chinese 1025 GMT 12 Dec 92*

[By reporter Liu Haimin (0491 3189 3046)]

[Text] Qingdao, 12 Dec (XINHUA)—During his inspection in Qingdao from 28 November to 12 December, President Yang Shangkun pointed out: Thoroughly implementing the guidelines of the 14th CPC National Congress is a major long-term task for today and the future. Building a socialist market economy as set forth at the 14th CPC National Congress is a new task and a new course. We should be bold in experimenting, dare to innovate, and have a good grasp of market economy law to achieve better results in reform, opening up, and economic construction.

During the inspection, Yang Shangkun heard briefings by Jiang Chunyun, secretary of the Shandong Provincial Party Committee, and Governor Zhao Zhihao.

President Yang expressed satisfaction with Shandong and Qingdao, which have thoroughly implemented the guidelines of the 14th CPC National Congress, formulated plans and measures in line with local reality, and achieved new progress. He said: The guidelines of the 14th CPC National Congress have been carried out in a resolute, earnest, and solid manner in Shandong Province. Qingdao is a scene of prosperity. It has a promising future. As the "dragon head" of reform and opening up in Shandong, Qingdao shoulders heavy responsibilities; therefore, it must do a better job in all its endeavors.

During the inspection, Yang Shangkun, accompanied by Comrades Ma Zhongcai, Li Zhen, Han Xikai, Yu Zhengsheng, and Liu Zhen, visited Qingdao No. 2 Beer Company, Qingdao No. 1 Knitting Mill, and the Qingdao Refrigerator Factory. He also went to villagers' houses at Dongli village, Licun town, Laoshan District. Wherever he went, President Yang Shangkun had amicable conversations with cadres, workers, and villagers and inquired in detail about factories' production and operations, housing, workers' incomes, as well as villagers' livelihoods. He told them that without reform and opening up over the past 10 years or so, the good life they are now enjoying would be out of the question. The line pursued since the Third Plenary Session of the 11th Central Committee can be summarized as this: Carrying out reform and opening up—that is, upholding the party's basic line of "one central task and two basic points." Implementing socialist market economy—this is the party's correct choice made after reviewing decades of historical experiences. We should work hard to further improve our economic strength in accordance with the principles and lines set forth at the 14th CPC National Congress.

While in Qingdao, Yang Shangkun heard reports regarding the implementation of development plans for eastern Qingdao, as well as planning and construction of a high-technology industrial park in Qingdao. Yang Shangkun expressed appreciation for these two major steps and wished that the two projects will take on a new look year after year. He also wrote an inscription for encouragement: "Develop the East and Revitalize Qingdao."

#### **Tian Jiyun Inspects Areas in Gansu, Qinghai**

*OW1412034792 Beijing XINHUA Domestic Service in Chinese 0903 GMT 10 Dec 92*

[By reporter Xi Yongnian (6741 3057 1628)]

[Text] Lanzhou, 10 Dec (XINHUA)—Tian Jiyun, member of the CPC Central Committee Political Bureau and vice premier of the State Council, inspected Linxia Hui Autonomous Prefecture, Dingxi Prefecture in Gansu, and Haidong Prefecture in Qinghai from 4 to 12 December. He fully affirmed the achievements of their antipoverty developmental programs in the past decade, and encouraged cadres and the masses to continue efforts in helping the poor and striving to solve the problem of inadequate food and clothing in the poor regions by the end of the century so that these regions could gradually shake off poverty and set out on the road to prosperity.

Dingxi Prefecture, Gansu, is well-known across the country as representative of the poverty in western China. The party Central Committee and the State Council have paid close attention to help-the-poor efforts and development there. Since 1983 they have adopted several measures to help the masses shake off poverty and become prosperous. Today, impoverished

households account for 10 percent of all rural households, compared to 75 percent in the past. To bring about the steady elimination of poverty by the end of the century, Tian Jiyun, together with other leading officials of the relevant State Council departments, went down to the grass roots and consulted with the broad ranks of cadres and masses on ways to shake off poverty. In Dingxi Prefecture and Haidong Prefecture, Tian Jiyun climbed mountains 3,000 meters above sea level to observe the project of harnessing the Guanchuan He in Dingxi and the Dahongling agricultural development areas in Haidong. The local cadres briefed him: Conditions in the barren region have improved in the past decade thanks to the harnessing efforts. Some 100,000 farmers have benefited, and they now have enough to eat and wear. Tian Jiyun said: Changing the basic conditions of agricultural production is essential for eliminating poverty. You have done a good job and it is hoped that you will continue these efforts. Living standards will improve if, on average, every farmer has one mu of basic farmland and several mu of economic forest.

Dongxiang Autonomous County and Monigou in Linxia, Gansu, are poverty-stricken areas where people of minority nationalities live in compact communities. Tian Jiyun visited ordinary farmers and asked after their health, taking with him the party Central Committee's and the State Council's solicitude to these remote regions. He told those people who remain poor for the time being: While the nation is implementing reform and opening up, the state must further step up its aid-the-poor efforts. Everyone should have the confidence to overcome difficulties. Farmers in Shangxin village in Huangzhong County, Qinghai, opened a carpet factory that exports to some 30 countries and whose revenues were 3.6 million yuan last year. Farmers in Ganggou village in Dongdu County, Qinghai, cultivated vegetables under plastic sheeting. They began to turn a profit in the second year and built new houses in the third. Tian Jiyun took these examples seriously. He said: These two are good examples—the first is an example of capable people bringing prosperity to a whole village by setting up a township enterprise; the second is a good example of quickly shaking off poverty by relying on science and technology. These experiences have proven effective in practice and should be vigorously publicized.

Tian Jiyun also held discussions with cadres at various levels and extensively heard their views. He said: The achievements scored in helping the poor over the past decade fully prove that the important policy decision by the party's Central Committee and the State Council regarding helping the poor is absolutely correct. This policy, which reflects the profound concern of and the great importance attached by the party Central Committee and the State Council to the poverty-stricken, old revolutionary base, and the ethnic minority inhabited areas, evinces the basic objectives and glorious tradition of our party that is dedicated, heart and soul, to serving the people and concerned about the weal and woe of the people, and demonstrates the superiority of socialism

and has won heartfelt support and welcome from the broad ranks of cadres and people. He stressed: At present, there are still 27 million people across the nation who do not have adequate food and clothing. Those who have initially shaken poverty but whose progress needs to be further solidified number about 60 million; therefore, the next phase of antipoverty efforts remains quite formidable. He urged party committees and governments at all levels to continue putting antipoverty work high on their agendas and persist in it for a long time to come. We must not slacken our efforts to help the poor just because most areas have, by and large, solved the problems of adequate food and clothing. We should not neglect antipoverty efforts just because farmers in the coastal and other relatively developed areas are becoming better off.

On the basis of research and investigation, Tian Jiyun pointed out: In the 1990's, under the general situation of accelerating reform, opening up wider, and concentrating on developing the national economy, we must step up antipoverty efforts and bring about a steady elimination of poverty at an early date so that people in poverty-stricken regions will have adequate food and clothing and become better off step by step. As for ways to get rid of poverty, he expressed the belief that we should continue implementing antipoverty developmental programs to help the poverty-stricken regions develop production and strengthen their economic vitality; therefore, while making every effort to improve conditions of rural production and developing farm production, we should do all we can to develop township enterprises. In developing township enterprises, localities are encouraged to freely establish links between west and east, develop an export-oriented economy and tertiary industry, lift restrictions on the development of individual, joint-household, private and shareholding enterprises, and have a free hand to employ capable people.

During the inspection, Gu Jinchi, secretary of the Gansu provincial party committee; Governor Jia Zhijie; Yin Kesheng, secretary of Qinghai provincial party Committee; and Governor Jin Jipeng briefed Tian Jiyun on their work and went down to the grass roots with him to conduct research and investigation.

### **Calls Helping Poor 'Arduous' Task**

*OW1312134592 Beijing XINHUA in English  
1331 GMT 13 Dec 92*

[Text] Beijing, December 13 (XINHUA)—Chinese Vice Premier Tian Jiyun said recently that the population under the starvation level in China is 27 million, decreasing from the 125 million seven years ago.

Tian said that most of the population in poverty-plagued rural areas in the country has been raised above the starvation level (annual per capita income of less than 200 yuan), marking the success of China's help-the-poor project in the Seventh Five-Year-Plan (1986-90).



Tian made the remarks during an inspection in Gansu and Qinghai Provinces in northwest China. The Dingxi Region in Gansu Province and the Xihaigu Region in the Ningxia Hui Autonomous Region in northwest China are among the most backward rural areas in the country.

He said that now those barely above the starvation level number about 60 million, besides the 27 million under the starvation level. He pointed out that China's help-the-poor project is an arduous and long-term one. He said that governments and Communist Party Committees at all levels should persist in carrying out the project while pushing forward reform and opening to the outside world.

He said that the government will withdraw funds from some regions which have already wiped out poverty and use the money in other backward regions.

**Correction to Item on Li Peng Inspecting Guangxi**  
*HK1112011892*

The following correction pertains to the item headlined "Li Views Guangxi Coastal Economic Development," published in the Political & Social section of the 9 December China DAILY REPORT, page 19, first column:

Fourth paragraph of item, first sentence, make read: ...introduce projects, and achieve self-financing. It should open direct.... (changing "carry out self-turnover" to "achieve self-financing")

**Military**

**Yang Reportedly Says Carrier To Be Purchased**

*HK1412001492 Hong Kong SOUTH CHINA MORNING POST in English 14 Dec 92 p 10*

[Article by John Kohut in Beijing]

[Text] China has decided to purchase an aircraft carrier within the next 10 years as part of its attempts to become a major regional military power, and is prepared to use military force to settle territorial claims in the South China Sea, according to a recent speech by the President, Mr Yang Shangkun.

Beijing will also step up espionage in three European countries to guard against further weapons sales to Taiwan, Mr Yang said in his speech, which was delivered on September 27 at a meeting of the People's Liberation Army general staff.

Though never made public, copies of Mr Yang's address are now being circulated among senior army officials.

China insists its military is for defensive purposes only and that the country has no expansionist intentions. But Mr Yang's speech indicates China is determined to become a regional power capable of enforcing its will with arms, if need be.

"Hostile forces in the international arena might get burned by China if they don't behave well," Mr Yang said, according to a source who has read a copy of the speech.

China has repeatedly denied Western reports that it is negotiating the purchase of an aircraft carrier from Ukraine.

However, the speech by Mr Yang, who was vice-chairman of the Central Military Commission (CMC) until he retired from that post during the Communist Party's national congress two months ago, makes it clear that such a purchase is on the agenda.

Mr Yang said the Central Committee of the Communist Party had already decided to buy an aircraft carrier, and to have it operating within the next 10 years. The speech, however, did not say precisely when or from which country the carrier would be obtained.

An aircraft carrier was needed, Mr Yang said, to help China control the South China Sea, where China, Vietnam, the Philippines, Malaysia, Indonesia, Taiwan and Brunei all make claims to the mineral-rich Spratly Islands.

Mr Yang made direct reference only to the challenge posed by Vietnam, with which China's Navy clashed in the Spratlys four years ago.

He said that if Vietnam was not willing to accept Chinese claims in the South China Sea by 1997, the matter should then be resolved through military means. No reason for setting the 1997 deadline was given.

Mr Yang said China would build up its relatively small marine force. This would back China's attempts to develop a navy capable of undertaking long-range operations, one military analyst said.

Turning to another issue also related to China's regional security concerns, Mr Yang said espionage would be stepped up in France, The Netherlands and Germany. This was necessary because China had to be on guard against the possibility of military sales from these countries to Taipei.

At the time of Mr Yang's speech, the United States had just decided to sell 150 F-16 fighter planes to Taiwan and there were reports that France was planning to sell military hardware to Taipei. Since then, Taipei has signed a contract to buy 60 Mirage 2000-5 jet fighters and 1,000 short and medium-range missiles from France.

Mr Yang said military expenditures would be increased again next year, but he did not say by how much. He also said China would concentrate further on testing and developing its medium-range missiles.

Mr Yang said "China is not afraid of the United States" and that any "retaliation" by the U.S. would receive an "appropriate response" from China.



The source did not know whether Mr Yang's retirement from the CMC meant there would be amendments to the programme.

But analysts noted that the speech was consistent with policies outlined by other Chinese leaders. Moreover, as a formal naval chief, Mr Liu Huaqing, the new CMC vice-chairman, is said to favour the purchase of an aircraft carrier, as well as developing a strong navy.

### **PLA Begins 'Mammoth' Winter Training Exercise**

*OW1412120792 Beijing XINHUA Domestic Service in Chinese 0645 GMT 14 Dec 92*

[By correspondent Tan Daobo (6223 6670 0590)]

[Text] Beijing, 14 Dec (XINHUA)—While snow is falling and icy winds are blowing from north to south and from west to east, commanders and fighters of the People's Liberation Army (PLA), in response to the Central Military Commission's call, have actively engaged in a mammoth winter training exercise.

It has been a PLA tradition to start the exercise during the coldest days of winter, or the third nine-day period following the winter solstice [as received]. This year, the number of soldiers taking part in the winter exercise is higher than in any year in the past, and the scope of the exercise is the broadest in many years. While snow has been falling in most parts of northeast China since October, entire divisions and brigades of units under the Shenyang Military Region have marched out of their barracks and participated in military exercise on the sprawling, snow-covered Greater and Lesser Xinganling mountain ranges and the Changbai mountain range. Several divisions of officers and men under the Nanjing Military Region are either hiking in mountains in western Fujian, participating in war games in training bases in eastern Anhui, or practicing tactics in southern China where waterways crisscross the land. A certain division of the "Iron Corps" under the Jinan Military Region has gone to Henan and Hubei for field exercises, and a certain "Fist Unit" of the military region has moved westward and taken up positions on Mt. Taihang. Units under the Lanzhou and Chengdu Military Regions have also been exercising painstakingly in the Gobi Desert and in mountains and jungles.

Improving the readiness for modern warfare via "exercises in command capability, coordination, and tactical skills" is one conspicuous feature of the PLA's winter exercise this year. Realizing the practical needs, the vast number of officers and men are exercising earnestly and painstakingly, voluntarily accepting all types of challenges. Braving stormy weather, a certain unit under the Guangzhou Military Region has covered more than 1,000 km in 37 days and nights. The "Red" and "Blue" armies under the Beijing Military Region are participating in a war game that features them attacking one another with real shells and bullets. They have been practicing tactics of attacking strongly fortified enemy

positions, as well as hurriedly entrenched enemy positions. They also have been practicing how to protect themselves when attacked by nuclear and chemical weapons, and practicing how to use electronics equipment to generate interference and counter interference. Some units also have been practicing field survival skills in conjunction with launching continuous offensives in an effort to improve their modern warfare fighting capabilities. The Navy, Air Force, and Second Artillery Unit also have launched winter exercise projects of all sizes to hone skills related to their practical needs.

According to authorities concerned, firmly implementing Comrade Deng Xiaoping's army-building thought, the new Central Military Commission has urged the armed forces to regard the military exercise as a strategic task to be firmly and properly accomplished. Meanwhile, the morale of all officers and men of the PLA is high ever since the curtain was raised on the ongoing winter exercise.

### **Air Force Fulfills Annual Training Plan**

*OW1412040092 Beijing XINHUA Domestic Service in Chinese 0225 GMT 10 Dec 92*

[By correspondent Qi Hanxiao (7871 0698 4562) and correspondent Xiao Pu (5135 3877)]

[Text] Beijing, 10 Dec (XINHUA)—The People's Air Force has fulfilled its annual training plan one month ahead of schedule, with a better training performance than previous years. At present, 80 percent of the Air Force's combat regiments are equipped with all-weather combat ability, with three-quarters of its pilots are able to fly under four different kinds of weather conditions. This sets a new record in performance standards for the Air Force.

Paying attention to the characteristics of modern warfare, all troops have conducted complicated and difficult training courses, such as all-weather flying, night flying, low-level and super low-level flying, marine and coordinated tactical maneuvers. Most of the troops have conducted emergency mobilization practice. Some have practiced 4,500-km day and night training, with a flying span covering 10 provinces. During these maneuvers, the troops have received training and reviewed their abilities. The opportunity for training with live ammunition has been increased a great deal, with most the troops having experienced air and land target live ammunition firing practice.

All troops have conducted various forms of competition, including technical inspections, evaluation of on-the-job training, and quality appraisal of basic training courses. As a result, all troops have improved their quality-oriented training. Major improvements have been made in training flying commanders, trainers, leaders of formation flights, and technical personnel. Backbone cadres, especially commanding officers at division and regiment levels, have improved their organizing, training, and teaching abilities.

### **Air Defense Units Improve Training Quality**

OW1412011792 Beijing XINHUA Domestic Service in Chinese 2128 GMT 6 Dec 92

[By correspondent Qi Hanxiao (7871 0698 4562)]

[Text] Beijing, 6 Dec (XINHUA)—Persistently focusing attention on education and training, the Air Force's ground air defense units have scored notable results in improving the quality of their training. The ground-to-air missile troops performed superbly in strategic "removal, movement, advance, and attack" during combat exercises with live ammunition, while the anti-aircraft artillery troops received an overall rating of outstanding in firing exercises for five consecutive years, the best record in the Air Force.

The Air Force's ground air defense units, consisting of ground-to-air missile troops and anti-aircraft artillery troops, form the mainstay of China's air defense. In recent years, all units increased their awareness of the quality of military training and set higher and more difficult training standards. In light of the demands of a future war of air defense and the special features of troops, the units have stepped up training on more challenging new assignments—such as night combat, electronic maneuvers, joint exercises with air units, and rapid mobility training and shooting with live ammunition—thereby effectively enhancing the overall combat capability of the troops. Ninety percent of the anti-aircraft artillery troops were rated as outstanding in firing exercises. Despite more difficult standards of firing, the ground-to-air missile troops hit 81 percent of the targets during an exercise, and 82 percent of the combat battalions were rated as outstanding. A missile regiment of the Lanzhou Military Region's Air Force hit all six missiles that had been fired during an exercise, setting an accumulative record of hitting 55 out of 56 missiles fired, which is the best record in the Air Force.

### **Navy Expands Contacts With Foreign Countries**

OW1412094892 Beijing XINHUA in English 0930 GMT 14 Dec 92

[Text] Beijing, December 14 (XINHUA)—Chinese Navy has expanded its foreign contacts since the country began its reform and open policy in 1979, the "GUANG-MING DAILY" reported today.

The nationally-distributed paper said that the Navy has sent delegations to more than 20 countries, including Pakistan, the Democratic People's Republic of Korea, the United States, Britain, and France, while receiving military and government delegations from over 60 countries.

The Navy has paid special attention to developing friendship and cooperation with neighbouring and Third World countries.

While sending more than 100 experts to implement foreign aid tasks, the Navy has helped train technicians for a dozen countries.

The paper noted that the Navy has imported more than 90 items of advanced equipment and technology, and sent some 400 technical groups on inspection tours overseas.

### **Arms Plants Seek Foreign Investment, Conversion**

HK1312035092 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Dec 92 pp 8

[Article by Zhang Yu'an: "Military Arms for Civil Mart"]

[Text] China's once closely guarded military plants are opening to overseas investment as the industry gears itself to civilian products.

Chen Dazhi, Director of the Planning Department under the State Commission of Science, Technology and Industry for National Defence, revealed the industry will invest at least 6 billion yuan (\$1.03 billion) to modernize more than 350 plants to convert their machinery for non-military use by 1995.

When the projects are complete, more than 80 percent of the country's military enterprises will be able to produce civilian goods, Chen said.

The industry also is busy preparing for next year's Hong Kong International Conference on Cooperation of Conversion from Military to Civilian Production and the Hong Kong International Fair for Peaceful Use of Military Industrial Technology in July next year.

They are cosponsored by the United Nations Department of Economic and Social Development and the China Association for Peaceful Use of Military Industrial Technology.

Nine Chinese trade delegations from the machinery, electronics, aviation, space, ship-building and nuclear industries, the China North Industrial Group, the General Logistics Department of the People's Liberation Army and a delegation of enterprises from different parts of the country will take part.

They will exhibit civilian products and technologies covering pharmaceuticals, energy resources, chemicals, machinery, electronics, computers, telecommunications, equipment and instruments, vehicles, ships, textiles and environment protection.

One-fifth of the exhibition area is reserved for foreign firms, Chen said.

The Chinese delegations will try to attract overseas business circles with well-selected civilian projects for their investment.

Chen said military enterprises welcomed Taiwan companies to cooperate on civilian projects.

He revealed the enterprises recently received a Taiwan delegation consisting of financial and industrial firms. Both sides showed strong interest in developing close cooperation in civilian product research and production.

In the next few years, China's military industry will focus on civilian technology development and production in the following fields:

- Nuclear industrial firms, while vigorously developing nuclear power, will concentrate on development of equipment for nuclear power stations, isotope products, rare-earth and rare-earth products and fine chemicals;
- The aviation industry will focus on contracted production of aircraft and automobile parts and components for foreign companies and developing new types of textile and food packaging machinery and pharmaceutical equipment;
- The space industry will develop satellite application systems and equipment, digital control and display devices, industrial automation control and telecommunications;
- The China North Industrial Group will develop heavy-duty trucks, motorcycles, laser optical products and machinery used by construction and communications industries;
- The ship-building industry will focus on raising its ability of [as published] ship-building and repairs as well as developing large technology and equipment for the petrochemical, tobacco, oil and natural gas and energy industries;
- The electronics industry will emphasize development of microelectronics, computers and software and telecommunications.

Those fields will need foreign investment and co-operation, Chen said.

China's military industry started its massive shift from military production to civilian in 1978.

Since 1980, civilian production has developed quickly, at an annual output growth rate of 20 percent.

#### **Column Views Army Participation in Government**

*HK1212010892 Hong Kong HSIN PAO in Chinese  
11 Dec 92 p 26*

["Beijing Political Situation" column by Jen Hui-wen (0088 1979 2429): "CPC Makes New Policy Decision on Army Participation in Government and Political Affairs"]

[Text] Two special things, which are drawing wide attention, have emerged in the Army since the 14th CPC National Congress. First, the Army's status within the party has strengthened. At the 14th CPC National Congress, a total of 44 high-ranking officers (six generals, 37

lieutenant generals, and one major general) were elected members of the new CPC Central Committee, accounting for 23.3 percent of the total, that is 198 members, and increasing in number over the previous CPC Central Committee. In addition, over 50 others were elected alternate members of the CPC Central Committee. This shows that the status of the Army has further strengthened in the state's political life. The Army's role in participating in government and political affairs has suddenly become conspicuous. The newly-established Leading Group for the Preparatory Work for the First Meeting of the Eighth National People's Congress and the new Leading Group for the Preparatory Work for the State Council have the participation of high-ranking members of the Army (a special report about this was published last Friday). This has been rare in the past.

#### **Two Decision By the CPC Authorities**

Recently, there has been a new breakthrough on the question of the Army's participation in government and political affairs. Informed sources in Beijing disclosed that this is an arrangement made in light of Deng Xiaoping's latest instructions and the CPC Central Committee's decisions.

Speaking on the role of the Army at a meeting with members of the new CPC Central Committee Political Bureau not long after the end of the 14th CPC National Congress, Deng Xiaoping particularly stressed that during the new period of construction, members of the Central Military Commission [CMC] can play a coordinating role in the leading groups of the CPC Central Committee and the State Council, veteran generals can play a supplementary role, and major leaders of various military districts can participate in local CPC committees and governments to progress the CPC's central task (economic development) together with them.

In order to better implement Deng Xiaoping's instructions, at the suggestion of CPC General Secretary Jiang Zemin and Li Peng, the number two figure in the CPC Central Committee Political Bureau, two decisions were passed at the regular CPC Central Committee Political Bureau meeting called in early November:

The first was that 10 generals can attend Political Bureau meetings as nonvoting members. They are Zhang Zhen (CMC vice chairman), Chi Haotian (CMC member and the new defense minister, decided on though not yet officially announced), Zhang Wannian (chief of general staff), Yu Yongbo (director of the General Political Department), Fu Quanyou (director of the General Logistics Department), Liao Hansheng (former vice defense minister and currently vice chairman of the National People's Congress), Yang Dezhi (former chief of general staff), Hong Xuezhi (former CMC deputy secretary general and former director of the General Logistics Department), Qin Jiwei (state councillor and



defense minister), Ding Henggao (minister of the Commission of Science, Technology, and Industry for National Defense).

The other decision was that as members of the standing committees of the CPC committees in various provinces, autonomous regions, and municipalities, commanders and political commissars of various major military districts will participate in the work of these leading groups.

In mid-November, at the Shanghai Municipality CPC Committee Standing Committee meeting Jiang Zemin said that by participating in the work of local leading groups, major leaders of various military districts can play a positive promotional role in economic development and in the party's work. He said this obviously because he hopes that the localities can accept the CPC Central Committee's decisions regarding the Army's participation in government and political affairs.

#### **Importance Is Attached to CMC Participation in Government and Political Affairs**

The informed sources added: In fact, since new CMC members took office, they have been fairly active participants in government and political affairs and importance is attached to this. In early November, three CMC leaders, namely CMC vice chairmen Liu Huaqing and Zhang Zhen, and CMC member Chi Haotian, wrote a letter to the CPC Central Committee, suggesting that strong and practical effective measures be taken in response to U.S. and Western European aircraft sales to Taiwan, which violate China's agreements with them and which amount to intervention in China's internal affairs. The letter stated: "Defending national sovereignty and independence should take precedence over all others and over transient economic interests. The Chinese nation has already stood up and should play a definite role in safeguarding world peace." The jointly-signed letter by these three CMC members has won the great attention of the old men of the CPC Central Committee and the Political Bureau. Jiang Zemin commented, saying: "I feel very touched after reading the letter and am well aware of my heavy responsibilities." Chen Yun commented: "It voices the aspirations of the entire party, the entire Army, and the people across the country." Pang Zhen commented: "I fully agree." After reading the letter, Deng Xiaoping said: "The Political Bureau will please discuss it and make a response that shows that the party, the government, the Army, and the people are of the same view."

In addition to the CMC, five generals, namely Defense Minister Qin Jiwei, Hong Xuezhi, Yang Dezhi, Liao Hansheng, and Zhang Aiping, recently wrote a letter to Jiang Zemin, saying that it is necessary to maintain China's independence and sovereignty in relation to international affairs; to persistently and vigorously oppose any form of hegemonism, power politics, and any act constituting intervention in China's internal affairs; and to struggle without making compromises and concessions and in a tit-for-tat manner.

In late November and early December, the CPC Central Committee and the CMC also received letters from various services, various arms of the services, and various military regions, calling on the central government to respond strongly to the United States and France for selling advanced aircraft to Taiwan. This has never happened before.

As far as this author knows, that is the second strong response the CPC's military has made toward the United States and France for aircraft sales to Taiwan. Although the military's position has not caused the CPC to change its set policies for the United States, France, and Taiwan, it is completely possible for it to urge the CPC to take some substantial retaliatory action against the United States and France.

#### **Deng Xiaoping's Other Preparation**

The informed sources continued: The Army's participation in government and political affairs is reflected in various forms. We can see from two recent examples that the Army's communication with local authorities and its demonstrating role in local authorities have been affirmed by the authorities.

The first example is that in mid-November, Zhang Zhen was invited to the CPC Central Committee's Central Party School where he gave reports on the "Role of the People's Army During the Period of Socialist Construction" and the "Necessity and Urgency of Stepping Up Modernizing the Army and Making it More Sophisticated." In the meantime, Major General Shi Yuxiao, political commissar of the Nanjing Military Region, was invited to give reports at the Jiangsu and Anhui provincial party schools, while Major General Song Qingwei, political commissar of the Jinan Military Region, was invited to give a report to the Shandong provincial party school.

The other example is that, after the CMC made the "Decision on Carrying Forward Fine Traditions and Fostering Honesty" at the enlarged meeting on the CMC's work from 5 to 6 November, the CPC Central Committee Political Bureau Standing Committee gave an official, written reply to it on 9 November and Jiang Zemin particularly stated: "Now that the Army fosters honesty, what about party and government departments?" What he meant is that party and government departments should also catch up.

A professor of CPC history from a Beijing university maintains that the policy decision on the Army's participation in government and political affairs is Deng Xiaoping's other preparation for the overall transfer of power (military power). Deng Xiaoping's first preparation for the overall transfer of power was to hand military power to Jiang Zemin and make sure that he has the power to lead and command the Army. The preparation began in September 1989, when Deng resigned from the post of CMC chairman at the Fifth Plenary Session of the 13th CPC Central Committee and had Jiang Zemin take over, and ended at the 14th CPC



National Congress in October 1992 when Jiang Zemin, without Deng Xiaoping's support, personally supervised the important personnel changes for high-ranking members of the Army. This preparation has consolidated Jiang Zemin's position as his successor. The current policy decision on the Army's participation in government and political affairs is intended to further enhance the Army's sense of responsibility for economic development to make use of the Army, which is a powerful force, in such a way that it can contribute to economic development during peacetime. Zhang Zhen recently disclosed to people from the outside that participation in socialist construction is one of the three major tasks of the Army (the other two being national defense and defending the socialist system) advanced precisely in light of Deng's policy decision on the Army's participation in government and political affairs. However, we will have to wait and see whether or not the Army's participation in government and political affairs interferes with the general secretary or places itself above him.

#### **Circular Issued on 'Double-Support' Activities**

*OW1412032892 Beijing XINHUA Domestic Service in Chinese 0423 GMT 9 Dec 92*

[Text] Beijing, 9 Dec (XINHUA)—The Ministry of Civil Affairs [MCA] and General Political Department [GPD] of the People's Liberation Army issued a circular the other day to urge the Armed Forces and people in various localities to earnestly launch double-support month activities—supporting the army and giving preferential treatment to families of revolutionary army men and martyrs and supporting the government and cherishing the people—around the New Year and Spring Festival.

The circular says: January 1993 is the 50th anniversary of the double-support activities that started on the Shaanxi-Gansu-Ningxia border. The national leading group of double-support has designated January of next year as the nation's double-support activities month. At that time localities and the Armed Forces must earnestly implement the guidelines of the 14th CPC National Congress, thoroughly unfold double-support activities, further strengthen army-government and military-civilian unity, promote national reform and opening up, and modernize the Armed Forces.

The circular urges localities and army units to carry out the following tasks well:

First, carry out deep-going education on the glorious tradition of double support in line with the guidelines of the 14th CPC National Congress. In accordance with the requirements set forth by the 14th CPC National Congress concerning deep-going and sustained double-support activities, localities and army units should organize the vast number of soldiers and civilians to earnestly study the important expositions by Mao Zedong, Deng Xiaoping, and other proletarian revolutionaries of the older generation as well as Jiang Zemin

and other central leading comrades regarding strengthening army-government unity and military-civilian unity; publicize the splendid history of army-government and military-civilian unity under the CPC leadership; publicize the achievements scored in double-support work in the 14 years of reform and opening up; acquire a clear understanding of the great significance of double-support activities in promoting national stability, building up the army, and guarantee a smooth progress in reform, opening up and economic construction; and further enhance their sense of duty and mission in carrying out double-support work well.

Second, while implementing reform, opening up, and economic construction, it is necessary for the army and people to jointly build, in a deep-going and solid manner, double-support exemplary cities (counties), communities, and units. The MCA and GPD will designate and commend a number of exemplary double-support cities (counties) around the 50th anniversary of double-support activity. Localities and army units must, under the guidance of the party's basic line, regard reform and construction of the state and military as their fundamental task and expend still more deep-going and solid efforts in building double-support cities (counties). They should analyze local efforts in joint construction, sum up experience, pinpoint weaknesses, and work out measures for improvement. It is necessary to make a thorough analysis of the new situation and new problems facing joint construction efforts under the new setting of reform and opening up and actively explore ways and methods for double-support work to serve reform, opening up, and economic construction. We should improve the overall level of double-support work through solid and efficient work.

Third, it is necessary to earnestly review the execution of policies, laws, and regulations and facilitate the implementation of double-support work at the grass-roots level. Localities and army units must start from basic units—factories, villages, neighborhoods, and companies—and from solving real problems, and thoroughly carry out policies, laws, and regulations governing double-support work. Localities should organize an inspection of the implementation of policies on providing care to military families and placing demobilized servicemen at the grass-roots level and take advantage of double-support activity month to solve key and difficult problems in this regard. Army units at and below the regiment level should send personnel to army stations to carefully examine the observance of relevant policies and laws and regulations as well as the execution of discipline in relations with the masses, uncover problems, and solve them in good time. In line with the spirit of taking the interests of the whole into account and mutual understanding and mutual accommodation, army units and localities must actively consult one another and continue their efforts in solving problems left over from the past between the military and localities.

Fourth, it is necessary to proceed from reality and do more solid work that benefits the military and the people. All localities, trades, and lines of work must strive to do a good job in supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs, try their best to help locally stationed troops overcome difficulties, and warmly help recipients of preferential treatment solve practical problems in production and livelihood. At the same time, we should send personnel to visit and convey regards to family members of revolutionary martyrs and servicemen, wounded and handicapped revolutionary servicemen, demobilized soldiers, and retired army cadres. Army units must carry forward the glorious tradition of Red Army veterans, cultivate a fine spirit of serving the people wholeheartedly, conscientiously subject themselves to the overall situation of economic construction, and actively participate in and support key local construction projects and farmland water conservancy works. They should help localities provide services on holidays and carry out one or two projects that will benefit local people. Where conditions permit, army units and localities should, in line with the principle of frugality, economy, and actual benefits, sponsor diverse, small-scale get-togethers to further develop an army-government and army-civilian relation that is characterized by "cleaving to each other through good times and bad."

#### **Shandong Secretary Attends Double-Support Meeting**

SK1312073492 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 11 Dec 92

[Excerpts] On the morning of 11 December at the Jinan Nanjiao Guesthouse's club, the provincial party committee, government, and military district cosponsored a meeting to commend advanced units and individuals emerging from the campaign of supporting the army and giving preferential treatment to families of revolutionary martyrs and servicemen and of supporting the governments and cherishing the people. Together with party, government, and Army leading comrades, representatives of the advanced units and individuals of the People's Liberation Army [PLA] units and the armed police force units stationed in Shandong happily attended the meeting.

Present at the meeting were Jiang Chunyun, secretary of the provincial party committee; Qu Jining, deputy political commissar of the Jinan Military Region; Gao Changli, deputy secretary of the provincial party committee; Liang Buting, chairman of the provincial advisory commission; Tan Fude, member of the Standing Committee of the provincial party committee and secretary of the provincial discipline inspection commission; Lu Hong, vice chairman of the Standing Committee of the provincial People's Congress; Zhou Zhenxing, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference; Yang Hanwen, political commissar of the air force of the Jinan Military Region;

(Zhao Yinfu), deputy political commissar of the North China Sea Fleet; and Yi Yuanqiu, deputy commander of the provincial military district. Liu Guofu, member of the provincial party committee standing committee and political commissar of the provincial military district, chaired the meeting. Guo Changcai, vice governor, read the decision of the provincial party committee, government, and military district on commending the advanced units and individuals emerging from the double-support campaign. [passage omitted]

Qu Jining and Gao Changli made speeches at the meeting.

Qu Jining said in his speech: All through the ages, Shandong has had good double-support work traditions. During the war, the vast number of the armymen and people shared weal and woe and composed glorious writings of armymen and people fighting side by side. Many double-support models emerged at that time. In the age of peaceful construction, the Army and civilians in Shandong have constantly held high the double-support banner, persistently shared a common fate, and had their hearts beat as one. Particularly over the past years, through the double-support campaign with the focus on building double-support model cities, the province has promoted the double-support work to a brand-new stage. A good situation that has rarely had emerges.

He said: Through the long-term practice, the party committees and governments at various levels and the broad masses of the people in Shandong have showed the utmost solicitude to the PLA units stationed in Shandong. So, the PLA units stationed in the province should take the guidelines of the 14th CPC Congress as guidance; further extensively launch the campaign of supporting the government and cherishing the people; positively support Shandong's reform, open up, and construction undertakings; and make greater contributions to promoting Shandong's double-support work to a new level. [passage omitted]

#### **Beijing Commander Urges Learning From Foreigners**

SK1412085692 Beijing RENMIN LUNTAN in Chinese No 4, 5 Aug 92 p 8

[Article by Wang Chengbin, commander of the Beijing Military Region: "In Building the Army During the New Period, We Should Be Good at Upholding and Be Bold in Learning From Others"]

[Text] At present, our country begins to embark on a new stage of reform and opening up, after being promoted and inspired by the important speeches made by Comrade Deng Xiaoping during his tour of south China. In the great practice of building socialism with Chinese characteristics, our Army not only shoulders the sacred mission of escorting reform, opening up, and economic development, but also faces the completely new task of attending to self-construction, strengthening the Army

building in quality, and pushing our Army's modernization onto a new level. Reviewing the glorious fighting process of our Army, we can see that every big development of our Army was achieved under the promotion of a kind of large-scale ideology emancipation activity and social change. During this process, a very important point is that we have been able to, under the constantly changing historical condition, firmly and unswervingly uphold the glorious tradition of our Army, boldly learn from and use as reference the useful experiences of the armies of other countries, and strive for further development with the attitude of seeking truth from facts and with the spirit of recreation.

Now we are again confronted with a new challenge and a new opportunity. In my opinion, if we say that to develop the socialist productive forces we must boldly learn from and use as reference the advanced capitalist mode of production and managerial experiences; then, to further enhance our Army's fighting capacity today when new high technology is developing swiftly and violently, we must boldly learn from and use as reference the successful methods and experiences of the armies of developed countries which reflect the general law of modern wars and the objective law of army building. It should be noted that the armies of developed countries are built under the foundation of modernized large industry and high science and technology. Hence, first, amid the atmosphere of striving for new things and changes and the atmosphere of strong competition of the commodity economy, which are peculiar to the modernized industrial civilization, they are able to feel the change in modern wars in a relatively keen manner and set forth appropriate countermeasures in a timely manner. Second, to maintain the special position in international disputes and military struggle, they are very good at rapidly materializing the achievements in the scientific and technological sphere into the means of war with a view to obtaining even more benefits of the state. Third, they have applied the methods and means of organizing modern socialized large-scale production to the practice of building and administering the Army, thus giving rise to a set of policy-making mechanisms and managerial systems which control each other.

In his speeches during the south China tour, Comrade Deng Xiaoping definitely pointed out: "To make socialism win a superiority comparable to that of capitalism, we must boldly draw and use as reference all civilization achievements created by the human society, and draw and use as reference all advanced operational modes and managerial methods reflecting the modernized production law that have been created by all countries in the world, including the capitalist developed countries." Comrade Jiang Zemin, chairman of the Central Military Commission, has also stressed on many occasions that high-ranking cadres of the Army should conscientiously study excellent military ideas and strategic tactics at all times and in all countries and should study modern science and technology as well as cultural knowledge in order to continuously broaden their field

of vision and their train of thought. Some advanced theories and effective practices of the armies of developed countries are by no means the patent of capitalism, but are the common wealth reflecting the civilized achievements of mankind. In learning from certain advanced theories and feasible practices of the armies of developed countries, what is important is to make clear whether they are conducive to enhancing the fighting capacity of our Army, to enhancing the overall national defense strength of our country, to strengthening Army building under the condition of developing the socialist commodity economy, and to effectively perform the glorious mission entrusted on our Army by the party and the people. Of course, in the process of learning from and using as reference, we should discard the dross and select the essence. We should be good at combining the fine traditions formed by our Army over the past several years with the useful things of the armies of developed countries, and be good at finding out the fusion point of them in order to make them serve our Army. We should persist in the spirit of seeking truth from facts, and positively make progress and boldly carry out experiments by proceeding from the practical situation of our country and our Army with a view to creating the path of building the Army in quality with Chinese characteristics. In this pioneering great cause, we should not only firmly and unswervingly uphold the glorious traditions of our Army, but also boldly learn from and use as reference some advanced experiences in administering the Army gained by the armies of foreign countries in order to push the modernization of our Army onto a new stage.

#### **Jinan Commissar: Reform To Improve Army Quality**

*SK1412122392 Beijing RENMIN LUNTAN in Chinese No 4, 5 Aug 92 p 11*

[Article by Song Qingwei, political commissar of the Jinan Military Region, on the Army building of the new period: "We Should Be Based on Accomplishing the Glorious Mission for the Soldiers of Contemporary China"]

[Text] In the new historical conditions, with an unusual spirit of exploration and scientific attitude of truth seeking, the Chinese communists, represented by Comrade Deng Xiaoping, have led Chinese people to blaze a road to socialism with Chinese characteristics, established and implemented the basic line of "one central task and two basic points" and its principles and policies, and won the tremendous achievements acknowledged by the world, thus bringing about historical changes in the economic, political, and social outlook of the country. In his important speeches given during his south China inspection tour, Comrade Deng Xiaoping earnestly exhorted us that the Army and the state political power should all safeguard this road, this system, and these policies. It is the glorious mission for the soldiers of contemporary China to safeguard the line, principles, and policies laid down since the third plenary



session of the 11th Party Central Committee, subordinate themselves to the state's general situation of economic construction, and conscientiously perform the responsibility of escorting it.

Subordinating to and serving the state's general situation of economic construction, giving consideration to and coordinating with this general situation, and taking the initiative in acting under the general situation constitute an important component of Comrade Deng Xiaoping's ideas on the Army building of the new period, an important guiding principle for strengthening party building in the new period, and also an important embodiment of the Army's implementation of the party's basic line. The Army does not have interests other than the interests of the state and the people, and the national defense strength, in the final analysis, depends on the economic strength of the country. The effort to accelerate the state's economic construction as soon as possible is where the fundamental interests of the state and the people lie, and where the hope for Army building and development lies. Making Army building subordinate to and serve the state's general situation of economic construction is the inexorable necessity in building socialism with Chinese characteristics, the only way to make the country prosperous and the army strong, and also a noble, sacred, and glorious responsibility for the armymen of contemporary China. It was with the guidance of the principle of subordination to the general situation of economic construction that our army resolutely and smoothly effected a strategic change and took the road of building a modern and regular revolutionary army with Chinese characteristics in peacetime. It was also with the guidance of this principle that our Army, making allowances for the difficulty of the state, persisted in building the Army through thrift and hard work to reduce state burden as much as possible and actively made progress amid "patience" on the one hand; and, on the premise that the tasks for education and training are fulfilled, actively supported the state's economic construction, devoted wisdom and efforts to reform and opening up, and achieved rapid progress in building itself on the other hand. Our Army's active efforts to plunge into economic construction have created positive overall benefits to the state and the army. First, in the practice of the vigorous economic construction, the vast number of officers and men have seen with their own eyes the tremendous achievements in reform and opening up; personally experienced the unparalleled correctness of taking the road to socialism with Chinese characteristics; and then enhanced their conviction and confidence and raised awareness in implementing the party's basic line. Second, in the large classroom of reform and opening up, Army officers and men have learned what they could not learn in Army barracks. Local fresh experiences in reform and opening up and the masses' keen spirit to make progress have injected vitality and vigor into the reform and construction of the army. Third, by participating in the state's key construction projects and accomplishing urgent, difficult, dangerous, and heavy tasks, Army officers and men have

undergone training, increased their abilities, and improved their quality in various aspects, thus making it possible to bring up personnel for the construction of the state and the army. Fourth, in the process of developing economic construction hand in hand with local authorities, the Army has further strengthened unity with the government and the people, and local governments and the masses have shown more understanding, concern, and support for Army building, thus effectively promoting the in-depth development of the activities of "double support and joint construction" and optimizing the external environment for Army building.

China's reform, opening up, and economic construction have entered a new stage. This not only sets a still higher demand on the Army for subordinating itself to and serving the state's economic construction but also provides a new turning point for the Army to improve its own quality in the process of reform and opening up. Leading comrades of the Central Military Commission recently pointed out that the Army should escort reform, opening up, and economic development. This is the glorious mission for the soldiers of contemporary China and the epitome of their subordinating themselves to the general situation. We should unswervingly carry it out.

#### Shenyang Commander Stresses Army Building

SK1312234392 Beijing RENMIN LUNTAN in Chinese  
No 4, 5 Aug 92 p 6

[Article on Army Building under the New Period by Liu Jingsong, commander of the Shenyang Military Region: "Only When Soldiers Are Reduced Will We Make Development and Achieve Victory"]

[Text] Taking the path of reducing soldiers is an extremely important idea of army building under the new situation as set forth by Comrade Deng Xiaoping.

Taking the path of reducing soldiers is a need to have the army be submitted to and serve the country's central link of economic construction. The more the soldiers are reduced, the more the burdens will be lightened for the state and the people and the faster development the national economy and science and technology will make. We must persist in the thinking that the army should be submitted to and serve the overall economic construction situation as repeatedly stressed by Comrade Deng Xiaoping. On the premise of ensuring the safety of the state, we should reduce the number of the soldiers and upgrade the quality of the army. This is an important principle of implementing the basic line of the party that the army should persist in during the times of long-term peace.

Only when we make the country rich will we be able to build up the military power. Particularly, under the current conditions, the improvement of the army's combat effectiveness relies, to a great extent, on the enhancement of the overall national strength. Why does the arms equipment of our army lag behind some developed countries for a long period of time? In the final

analysis, our country's economic and technological backwardness is the reason. We may say that only when we liberate and develop productive forces and promote the economy will we be able to fundamentally improve the arms equipment of our army, improve the overall quality of officers and men, create material conditions for the army modernization, and rapidly upgrade the combat effectiveness of the army. Just as what Comrade Deng Xiaoping pointed out: "After the overall situation becomes good and the national strength is greatly enhanced, then we should start to develop a few atoms and guided missiles and to renew some equipment, including air, naval, and land equipment. Things will become easy at that time." Over the past years, along with the development of the national economy and science and technology, the military scientific research and the military production capacity have been strengthened, and along with the reduction of soldiers, the priorities in use of military charges become more prominent. As a result, we have made noticeable results in improving arms equipment, upgrading the personnel quality, and strengthening the grass-roots construction. This development trend is very gratifying.

The objective law governing modern warfare requires that we must take the path of reducing soldiers in order to strengthen army building. Comrade Deng Xiaoping has sharply pointed out: "We have a problem. That is, the army is overstaffed." Modern war is not only a test to measure the political, economic, and diplomatic strength but also a test to measure military talents, high-tech weapons, and crack troops. Taking the path of reducing soldiers and paying attention to improving the quality of soldiers is the common choice of all the countries in the world, including advanced and backward ones. The quality of the Army and the overall fighting capability of the Army are key factors deciding victory in modern war. We may, therefore, say that in line with the military affairs tasks of the army under the new situation, the requirements for the development and changes of the future war, the national situation, and the military situation, we should scientifically design and gradually improve the army structure; build our Army into a crack, combined, and high-efficient one; ceaselessly improve the army's overall fighting capability; and create an invincible position for our Army in future wars.

#### **Commissar Supports Army-Building**

SK1412103292 Beijing RENMIN LUNTAN in Chinese No 4, 5 Aug 92 p 7

[Article by Song Keda, political commissar of the Shenyang Military Region: "In the Army Building in the New Period, It Is Necessary to Improve the Ability of 'Combination' and 'Application' in Line With Actual Conditions"]

[Text] Comrade Deng Xiaoping's speeches given during his south China inspection tour helped enhance our confidence in advancing continuously on the road of socialism with Chinese characteristics. In the speeches,

he directly talked about the Army in several areas, urging the Army and the state political power to safeguard this road, this system, and these policies. This fully embodied Comrade Deng Xiaoping's great expectations on and concern for the Army and again mobilized and encouraged us to improve the ability of "combination" and "application" in line with the actual conditions of the masses and to strive to accelerate reform and construction.

China has entered a new period since the third plenary session of the 11th party Central Committee. In face of the profound changes in the international and domestic situation, army building, like the country, has encountered plenty of new situations and new questions requiring answers and solutions. The vast number of commanders and fighters have also created many new experiences and new things during their work, which need to be summarized and raised to a higher level. This is an urgent call of practice to the new ideas and theories on Army building and is an inevitable demand set by the history on its creators. It was on such a background that Comrade Deng Xiaoping, with the courage to pursue Marxist theories, truth-seeking spirit, rich experiences, and foresight and sagacity, comprehensively and accurately inherited and developed Mao Zedong's military thought, scientifically analyzed the development trends of the world and China, summarized the practice and experiences of the new historical period, focused on the major contradictions in Army building to answer a series of questions on the actual life of Army building that require urgent resolutions, and then, while planning for the reform and opening up of the entire country, drew a blueprint for Army reform, putting forward the general target of building our Army into a powerful modern and regular revolutionary Army and creating a set of theories and ideas with Chinese characteristics on the Army building of the new period. These theories and ideas have constituted a complete system, which is an important component of the theory of socialism with Chinese characteristics and also the program and guide for us to achieve success in Army building in the new situation. They play a fundamental and long-term guiding role in Army building. Either in ideology or work, we should firmly establish their guiding position.

When studying and implementing Comrade Deng Xiaoping's ideas on the Army building of the new period, we should pay attention to studying how Comrade Deng Xiaoping, when leading the Army building in the new period, analyzed and understood the actual contradictions in army building and closely combined the fundamental tenets of Marxism-Leninism-Mao Zedong Thought with the objective reality and, through which, should study his stand, viewpoints, and methods and fundamentally improve our ability of "combination" and "application." I feel that the following four points are particularly inspiring. First, we should not have blind faith in books, mechanically copy them, and engage in dogmatism; and instead, we should seek truth from facts and proceed from reality in doing everything.

This is the quintessence and theoretical cornerstone of Comrade Deng Xiaoping's ideas on Army building in the new period and also the "artery" lasting through his ideological system. Second, we should keep the whole situation in view and, starting with analyzing and mastering the international and domestic situations, put forward and resolve the long-term and fundamental policies for our army building. Third, we should have the courage to experiment and blaze new trails and lead the Army to pursue development in the process of reform. Comrade Deng Xiaoping began rectifying the Army boldly and resolutely in 1975 when he was entrusted to take charge of the work of the military commission. The series of policy decisions and measures he puts forward today when leading the practice in our army building in the new period all embody the courage and insight for reform and creation. Fourth, we should always adhere to the criterion of improving combat effectiveness. This is totally consistent with local authorities' adherence to the criterion of productive forces when carrying out reform.

As has been proven in practice, Comrade Deng Xiaoping's ideas on the Army building in the new period are the source inspiring the sense of responsibility and creativity of the vast number of officers and men and the fundamental guarantee for a success in Army building and various tasks. Only when we conscientiously use this theory to guide our deeds and successfully study, apply, and implement it in line with actual conditions, can we continue advancing bravely on the road of socialism with Chinese characteristics.

### Economic & Agricultural

#### Impact of PRC's Return to GATT Viewed

HK1012061492 Beijing GUOJI SHANGBAO in Chinese  
24 Nov 92 pp 1, 2

[Article by Ge Qisi (5514 7871 1835): "Follow International Rules When Dealing With Foreign Economic Affairs and Foreign Trade—On Resumption of China's Status as GATT Signatory State"]

[Text] Twenty-one years have passed since our country's legal seat in the United Nations was restored in 1971. However, China, as one of the five permanent members of the UN Security Council, is still outside GATT—the largest economic and trade organization in the world, with 105 signatory states. This fact deeply upsets people, and it is incommensurate with the current international status of the PRC. On the other hand, through the implementation of the reform and opening policy of the past 14 years, China's comprehensive national strength and foreign economic relations and trade have greatly developed. According to the 1991 export volume, China ranks 13th in the world. China is an influential trading country. The fact that China is still not a member of GATT, the most influential world economic and trade organization, has inhibited China from playing an increasingly important role in the world economy and in the regional economy. Thus, restoring China's status as a

GATT signatory state as soon as possible has been placed in the work agenda for developing our country's foreign relations as a task of historical importance, and has attracted widespread attention from the people throughout the country from top to bottom. This year, a strong tendency to strive for returning to GATT has appeared in our country.

The strong tendency to strive for returning to GATT reflects the fact that people have attached great importance to our country's economic and trade status in the international community, while firmly carrying out the basic line of taking economic construction as the central task, adhering to the four cardinal principles, and persisting in reform and opening up. At the same time, this also shows that people have enthusiasm and pin hopes on the establishment of the socialist market economy while facing the opportunities and challenges brought by the resumption of China's status in GATT. This is undoubtedly of positive significance. However, GATT is a whole set of rules for multilateral trade, and has experienced evolution and development over the past 40 years. It thus forms a huge and complicated system that integrates the economic and trade rules in the contemporary world. Therefore, people may have various understandings of the so-called "GATT science," as some people regard the knowledge about GATT as a branch of science, and the issue of restoring China's status as a GATT signatory state, and may hold different opinions. Many opinions may be incorrect or biased, and may even lead to errors in the formation of economic policies, in the structural reform, and in the market orientation. In this article, I try to discuss the issue of restoring our country's GATT status in connection with the actual conditions of our country's reform and opening policy in the field of foreign economic relations and foreign trade. It is hoped that this will help people acquire a more comprehensive and correct understanding of this issue.

#### First, GATT Is a System of International Economic and Trade Rules, and Is Also a Place for Holding Multilateral Economic and Trade Negotiations and Solving Disputes

GATT is aimed at promoting fair free trade in the world in order to promote the global economic growth. GATT holds that in order to realize fair free trade, various countries should adopt the market economy system, conduct production according to their "comparative advantages" in the factors of production, set prices according to the conditions of supply and demand in the world market, and carry out free competition. This constitutes the foundation for the smooth operation of GATT as a mechanism for regularizing and adjusting global trade.

GATT includes four parts and 38 articles, and it forms a multilateral system of rules for managing the contemporary international trade. The basic principles that GATT follows include the following points: 1) The principle of



most favored nation [MFN] treatment without discrimination among all members. This is the cornerstone for all the GATT rules. GATT holds that to ensure fairness, bilateral agreements should be turned into multilateral arrangements as quickly as possible, and various GATT signatory states should give MFN treatments to each other without strings attached. That is, when one GATT signatory state gives certain tariff and nontariff trade conditions to another GATT signatory state, such arrangements should automatically be applicable to all other GATT signatory states. This point is of great significance for developing countries, because developing countries have less economic and trade strength and are often situated in an unfavorable position in bilateral trade negotiations, and it is more difficult for them to gain favorable trade conditions. However, in the multilateral framework of the MFN arrangements, even small and poor countries can automatically enjoy various favorable conditions arranged between large trading countries in their negotiations. So it is groundless to say that GATT is only favorable to rich and large countries.

2) The tariff protection principle. GATT does not prohibit its signatory states from protecting their domestic industries, but they must take tariff as the main means of protection. This principle is aimed at ensuring the largest degree of transparency of protection so that people may easily compare the protection degrees of various countries and can have explicit measurement standards in the negotiations on tariff exemption and reduction, thus ensuring the fairness of the trade conditions between various countries.

3) The principle of banning import quantitative restrictions in general conditions. GATT holds that using such administrative means as quotas and licenses to control the quantity, origin, and destination of imported commodities is adverse to fair competition and may lead to discriminative treatments, so such practice should be prohibited in principle. However, GATT also points out that if it is hard to completely stop quantitative control, a state can adopt such means as quotas and licenses, but they should be subject to relevant stipulations. Quotas should not be distributed to different countries and regions, but should be set on a global basis. If quotas must be assigned to specific countries, this must be discussed with the relevant export countries. GATT also lays down detailed stipulations on the conditions, scope, and methods of quantitative control, and they are the so-called "exceptional provisions."

4) The principle of "exemptions" under special conditions. GATT admits that due to the special conditions of a country's economic and trade environment, the signatory state can seek "exemptions" for some obligations. When facing the sharp increase in the quantity of a certain imported product, which may seriously harm a domestic industry, the signatory state concerned can exercise import restrictions or suspend the tariff exemption or reduction arrangements (namely, making temporary tariff increases). This is the so-called "guarantee"

provision of GATT. In this regard, GATT gives more favorable terms to developing countries.

According to the above-mentioned principles, GATT mainly performs three functions in guaranteeing and promoting global free trade: 1) It formulates a whole set of rules for managing government trade behavior and bringing it into line with the international standards that all countries should observe. 2) It organizes multilateral talks on reducing tariffs, gradually reducing or completely eliminating such "nontariff barriers" as licenses and quotas. 3) It plays a role as an international economic "court" for solving international trade disputes.

GATT is characterized by its contract nature. Once a country joins GATT, while enjoying its rights, it will also undertake corresponding international obligations. Therefore, countries inside GATT are not called members, but are called "signatory sides."

The GATT history of more than 40 years since its founding shows that it can play a positive role in expanding world trade and promoting global economic growth. Through the seven rounds of multilateral talks organized by GATT, the world's overall level of average imposed tariffs [jia quan ping jun guan sui de zheng ti shui ping 0502 2938 1627 0971 7070 4451 4104 3055 1627] fell from 40 percent in industrial countries 40 years ago to 4-5 percent at present, and also fell to 13-15 percent in developing countries. Various nontariff trade barriers were also greatly restrained. The talks effectively promoted the process of global trade liberalization. In addition, GATT's status in the international economic structure was also greatly strengthened. Through the ongoing Uruguay Round of trade talks, GATT's activities have been expanded from purely commodity trade to such service fields as tourism, aviation, shipping, banking, insurance; and its activities in the economic field has been expanded from international trade to such new areas as intellectual property, investment measures, and monetary policies. Thus, it has become a comprehensive international economic and trade establishment [ti zhi 7555 0455] that covers the broadest areas. This establishment now provides the international economic and trade rules accepted commonly throughout the world. The GATT organ, which is responsible for formulating and implementing these rules, join the International Monetary Foundation and the World Bank in forming the three major pillars of the contemporary international economic multilateral system.

#### **Second, Restoring China's GATT Status Is a Need in Our Country's Reform, Opening Up, and Economic Development; While Reform, Opening Up, and Economic Development Have Created the Conditions for the Restoration of Our Country's GATT Status**

After our legal seat was restored in the United Nations in 1971, our country successively joined almost all international organizations affiliated with the United Nations—only GATT has it not joined. There are some complicated historical reasons for this. On the one hand, our

understanding of GATT underwent a process of development. The free trade spirit embodied by GATT is based on the market economy. In the 1970's, this obviously contravened the ideology and the economic system in our country. On the other hand, a more important reason was that in those years, foreign economic affairs in our country, including foreign trade, did not play a great role in the national economic development as a whole; and China's foreign trade held an insignificant place in world trade. In 1971, China's volume of imports and exports was only \$4.8 billion, which was less than a fraction of last year's \$135.7 billion. Therefore, China's participation seemed unimportant for our part or for GATT, and it was not a pressing issue in those years. In addition, at that time, we simply regarded GATT as a "club of the rich countries." So the issue of restoring our country's status as a GATT signatory state was shelved for a long time.

Since 1978, due to the adoption of the reform and opening up policy, our country's foreign economic relations and foreign trade have been developing rapidly, and have been holding an increasingly important position in the national economy. Before reform and opening up, our country's foreign trade was mainly a means of earning foreign exchange; now, it has become an indispensable component part of our national economy. In 1991, our country's export reached \$71.9 billion, accounting for 20 percent of our country's GNP. Although we cannot use this percentage to compare with other developed countries in a simplistic way, because their GNP includes a large proportion of tertiary industry, which remains on a small scale in our country, the high proportion in our country still reflects the importance of foreign trade in the national economy. The export volume of textiles in 1991 accounted for 31.4 percent of the annual textile output value. This indicates that if we lose the overseas market, some industries in our country will be seriously affected, because our economy has been inseparably linked with the world economy. On the other side, the contemporary world economy is undergoing a profound structural change. Mutual infiltration, interdependence, and connection between the economies of various countries have been increasing daily. None of the countries can get prosperous alone by isolating themselves from the world economy. It is hard for a country to quicken its economic development by relying merely on its domestic resources, technology, and the market; instead, it must rely on both the domestic and international markets and both the domestic and external resources. Only thus can it have larger room for maneuver. Our national economy's involvement in the international economic cycle has become an objective requirement in history and a major trend of the times.

The process of the Chinese economy's full and deep involvement in the world economic operation has also brought about a major requirement for us. That is, we should act in light of the international rules in our foreign economic work and foreign trade. This is comparable to our being obliged to obey the Olympic rules

after joining the International Olympic Committee. In this sense, the restoration of China's status in GATT is representative of the beginning of fully and systematically following the international rules for the purpose of extensively involving our economy in the international economy. Only by acting in line with the international rules can we more properly follow the objective economic laws, adapt ourselves to the changes in the international market, establish a good international reputation, and develop our country's foreign economic relations and foreign trade. Only by acting in line with the international rules can we require other countries to observe the international rules when treating us and thus safeguard our country's legitimate economic and trade rights and interests. Recently, we persistently took the GATT rules as the standards in our negotiations with a major trading country. The rules accepted commonly by the international community have become our powerful weapon for resisting the pressure from big powers and establishing fair international trade relations.

However, in order to act in line with the international rules in our foreign economic activities and foreign trade, we must reform our domestic economic structure which does not comply with the objective economic laws, because a country's foreign economic and trade policy is the extension of its domestic economic system. Recently, in the talks on restoring China's status as a GATT signatory state, we smoothly passed GATT's examination of our country's economic and trade systems, mainly because reform in the past more than 10 years had brought about major changes in our country's economic and trade systems and had brought them gradually closer to the GATT requirements. The 14th party congress set forth the objective of establishing the socialist market economy, and this evoked strong repercussions in the meeting of GATT's work panel on China affairs that was concluded recently. Many signatory sides held that China's economic structure had taken a step of crucial importance toward the international standards set forth by GATT. Precisely because of these major changes in our country's economic structure, our country's closed or semiclosed economy has gradually changed into an open economy of actively participating in international exchanges and cooperation. This has also made it necessary and possible for us to manage foreign economic affairs and foreign trade in light of the international rules.

As part of our economic structural reform, major reforms were also carried out in China's foreign trade system over the past years. The reforms were aimed at bringing the system into line with the international standards as much as possible. So far, we have delegated foreign trade power to enterprises, stopped giving export subsidies to foreign trade enterprises, created opportunities for equal competition, and turned foreign trade enterprises into independent economic entities. At the same time, we have stopped collecting import adjustment taxes, unilaterally lowered the tariffs for some

products, and stopped issuing import licenses to a considerable number of products. At present, we are deepening the reform of the import system, which is the key part of our foreign trade reform. Through several years' efforts, the foreign trade system in our country has been developing in the orientation of strengthening overall regulation, reducing administrative interference, and increasing the use of such economic means as tariffs, exchange rates, and credit. This will eventually bring the foreign trade system in our country into line with the international rules and practice represented by GATT. This also basically converges with the objective of our country's economic structure reform and foreign trade system reform.

All this shows that the economic structural reform in our country, especially the reform of the foreign trade system, has created the basic conditions for the restoration of our country's status as a GATT signatory state. At present, the talks on the restoration of China's status are going on smoothly. China's return to GATT will just be a matter of time.

**Third, Acting According to International Rules and Striving for the Balance Between Rights and Obligations in the Course of Restoring China's Status as a GATT Signatory State**

As for the issue of restoring our country's status as a GATT signatory state, what people discuss most frequently are the "advantages and disadvantages" of the status restoration. When doing anything, people certainly should weigh the consequent advantages and disadvantages. However, joining an international organization is different from signing a business contract. It is a matter of course that a sovereign state and a big economic and trading power whose population accounts for one-fifth of the world's total decides to join the largest global economic and trade organization, two-thirds of whose membership is composed of developing countries. If one really wants to "weigh the advantages and disadvantages," the conclusion is definitely that the advantages of China's return to GATT will be greater than the disadvantages. GATT will play a positive role in establishing and stabilizing a fair international trade environment, expanding China's export market, promoting the reform of the foreign economic and trade system in our country, increasing our country's competitive power in the world market, using the forces from the multilateral system to solve bilateral trade frictions, participating in the formulation of the international economic and trade rules, and gaining large quantities of economic and trade information. Therefore, the present issue is not whether China should restore its status in GATT but how to achieve a balance between the rights and the obligations in GATT.

Since the founding of the PRC, the most important principle we have pursued in our foreign affairs over a long time is equality and mutual benefit. Mutual benefit is the starting point of international economic exchanges, and is also the driving force for ensuring the

smooth international economic cooperation over a long time. Equality is the foundation for international cooperation, and the standard of equality is that all countries, big or small, strong or weak, rich or poor, must act according to the international rules.

On the issue of restoring our country's status as a GATT signatory state, our country's state leaders have pointed out many times that the Chinese Government is willing to undertake the obligations specified by the GATT rules, and at the same time, we shall also enjoy corresponding rights. The balance between the rights and the obligations is a guiding principle for our work in striving for the restoration of our country's GATT status.

To strive for the balance between the rights and the obligations, it is not only China which is required to act according to the international rules, but all GATT signatory sides are required to act according to the international rules when they handle their economic and trade relations with China. Therefore, the right we demand in GATT is to require that all GATT signatory sides terminate their unfair treatments of China in the economic and trade aspect and treat China equally according to the GATT rules.

GATT's nucleus is the MFN provision. This provision is of special importance for our country. At present, through signing bilateral agreements, our country has exchanged MFN status with many countries. MFN treatment is not "favored treatment" but just equal and nondiscriminative treatment of each other. However, over a long time, a certain major trading country used various excuses to create trouble for China's MFN status every year and took this as a serious issue. Therefore, the bilateral MFN arrangements are apt to be affected by the international climate and by bilateral political relations, which are rather unstable. After China restores its status in GATT, the most important right we shall first strive for is the multilateral MFN arrangements without strings attached. We hope that all signatory sides will fulfill this basic obligation in GATT. If some countries express "firm support" for China's GATT status in word, but do not give MFN status to China without strings attached after China's GATT status is restored, then China will, according to the relevant GATT provisions, require that all signatory sides consider every year why this major trading country does not implement the most important GATT rule. This will inevitably drive that country into an isolated position in the multilateral trade system. In short, the principle about unconditional multilateral MFN treatments will guarantee a stable and healthy international environment for our country's foreign trade in the multilateral trade system of GATT. This environment is of crucial importance for every country that is seeking development in its foreign economic relations and foreign trade.

Another important principle in GATT is to terminate such discriminative trade policies as imposing quantitative control on imports. At present, although our country



has signed bilateral trade agreements with many developed countries, China's exports remain the target of various discriminatory trade measures, and are still facing various measures for discriminatory quantitative control and selective protection and various antidumping and antisubsidy measures based on such discriminatory standards. These measures violate the international rules specified by GATT, and impede our country from gaining access to a broader and more stable international market. After China's GATT status is restored, we will, according to GATT principles, require that all signatory sides discontinue their discriminatory trade measures against Chinese goods. If such measures cannot be stopped immediately, they must work out a clear timetable. In the past few years, China has taken an active part in GATT's Uruguay Round of talks. The main concrete target of the talks is to lower the tariff level in various countries by one-third, and further limit and reduce the scope of commodities subject to nontariff control. At present, because of the differences between the United States and the European Community over farm products, the Uruguay Round has not come to an end, but major progress has been made in many fields through several years' talks. For example, the GATT signatory sides have reached initial agreement on the issue of textile goods, and the developed importer countries have promised to gradually remove the quota control over textiles in the next 10 years. The Uruguay Round agreement will curb to a large extent the trend of bilateralism and protectionism in the large trading countries, and will be conducive to the liberalization of world trade. After China's GATT status is restored, China will, joining other signatory sides, share the tariff and nontariff benefits brought about by the Uruguay Round talks and the previous seven rounds of trade talks, and will thus be freed from various unfair and discriminatory treatments it faced for a long time in the past. More Chinese products will be able to enter the international market. Broadening the market and expanding exports constitute the key link in the development of our foreign trade.

After the restoration of our GATT status, the third right we shall strive for is the developing country status. Some GATT provisions specify some special arrangements for developing countries, and the most important is the right to protect their young industries. When some burgeoning industries in developing countries are affected by imported products, the countries concerned can, according to the relevant GATT provisions, adopt such protective measures as exercising quantitative control over imports and raising tariffs.

Here, we want to particularly discuss the issue about protecting national industries.

At present, some comrades are worried that some industries in our country may be affected after our country returns to GATT. Their feelings are understandable. However, they do not have an all-sided point of view in this regard, or they still misunderstand the international rules specified by GATT. GATT does not prohibit the

protection of domestic industries. The key lies in the point that such protection must be transparent, and tariff should be the main means of protection.

After our country's GATT status is restored, our country will have to lower the tariff by a large margin. However, after the tariff is lowered, if we properly design the tax rates and further strengthen the customs' scientific management and severely crack down on smuggling activities, there will be no serious impact on our country's industries. After the restoration of our GATT status, we shall also gradually reduce such nontariff measures as quotas and licenses. It should be stressed here that they will be "gradually" reduced" rather than "completely removed." We shall completely be able to adopt and carry out nontariff measures in line with international practice according to the relevant procedures specified by GATT.

In short, formulating the tariff system and maintaining necessary nontariff measures according to its own economic development strategy and industrial policy embodies a country's sovereign power in the economic field. In formulating China's tariff and nontariff systems, we should give consideration to the GATT requirements and should also give consideration to the historical and current conditions of various industries' development in the country in order to bring the tariff level into line with our country's economic level as a developing country. In the course of restoring our GATT status, we shall, according to the international practice and rules, take tariffs and the nontariff measures allowed by GATT as an effective means of carrying out the state's industrial policy and foreign trade policy and protecting our national industries. It is a misunderstanding to think that after the restoration of the GATT status, China will "widely open its door" and "allow foreign goods to pour in without limits." It is also groundless to set the need to act according to the international rules in foreign economic work and foreign trade against the principle of safeguarding the state sovereignty in the political and economic fields. Since GATT's establishment, more than 70 developing countries have joined it, and none of them lost economic sovereignty because of the GATT status or faced the bankruptcy of the national industries. As compared with those developing countries which have a weaker foundation and started their economic development later, China has accumulated strength through more than 40 years' construction and has carried out reform and opened up for 14 years. We should have full confidence to meet the challenges brought by the resumption of our GATT status.

Of course, after the resumption of our GATT status, because our country will lower tariffs and reduce nontariff protective measures, the protection of domestic products will become more selective and the time of protection will also be subject to certain limits. Thus, some comparatively backward enterprises and products will be affected to various degrees. When facing such a situation, should we just protect them in a passive way or

adopt a more positive approach to boldly open up and gradually push these industries into the market?

The practice of opening up to the outside world in the past 14 years showed that in localities where the opening policy was carried out properly and the market's role was brought into full play, their products could enter the international market and export development could give a strong impetus to their own economic development. Before reform and opening, the industrial foundation of Guangdong Province was relatively weak in the whole country. However, through continuously expanding the scope of opening up to the outside world in the past years and taking an active part in the world economy, the total volume of Guangdong's export and import increased from \$1.59 billion in 1978 to \$22.2 billion in 1991. That is, in 13 years, the average annual growth rate reached 22.5 percent. The proportion of import and export trade to the total industrial and agricultural output value rose from 8 percent to 38 percent. Opening up to the outside world did not break Guangdong's industry; on the contrary, one-third of Guangdong's industrial products have been exported to the international market. In recent years, the variety of commodities in our country was enriched, and product quality was also enhanced. Some commodities which we mainly imported in the past have become our country's major export commodities. In 1985, we only exported \$1.68 billion of mechanical and electric products; last year, the exportation of such products exceeded \$11 billion. In the early 1980's, the Chinese market was flooded with television sets made in foreign countries; in recent years, because we boldly imported technology, China is now more than self-sufficient in television sets, and the exportation of television sets in 1991 accounted for 24.3 percent of the total output at home. In the late 1970's, radio-tape recorders and Hi-Fi sets were first seen by our people; at present, our country has become a major exporter of such products. Isn't all this the benefit brought about by the opening? Innumerable facts in the contemporary world also prove this point. We should not only note the successful experience of some countries which have become prosperous through opening, but should also draw a lesson from some countries' painful experience of becoming backward or even disintegrating because of closure. So far, we cannot find any instance that a country becomes backward because of opening up.

In addition, we should also note that foreign products may affect some industries in our country, mainly because the technological level, theoretical level, labor productivity, and operational mechanisms of these industries still lag far behind their counterparts in foreign countries. To provide fundamental protection for our national industries, we must, according to the spirit of the 14th party congress, quicken the pace of reform and transform the enterprise operational mechanisms through the establishment of the socialist market economy, and adopt various measures, including carrying out foreign cooperation, to speed up technological transformation, strengthen enterprise management,

enhance economic results, and make the costs of production and the product quality approach, catch up with, or even surpass the world's advanced level. This will really ensure that our industries will have international competitive power. Without taking such fundamental measures to strengthen the international competitive power of our products, even if we do not restore our GATT status, these enterprises may still be eliminated in the intense competition after the market economy is established in our country.

After the restoration of our GATT status, we should undertake corresponding obligations. That is, we shall, according to the rules specified by GATT, reform our economic structure and our foreign trade system, and gradually bring them into line with the international standards. The 14th party congress set forth the target of establishing the socialist market economy, and this has provided the best condition for our country's efforts to move closer to the international economic and trade rules and fully undertake various obligations specified by GATT. In the past, the foreign trade management system in our country was set up on the basis of the product economy and the pure planned economy, and it was focused on administrative interference. In recent years, major reforms have been carried out in the export system, and the export system has basically met the GATT requirements. However, some problems in the field of import management have yet to be solved through further reforms in order to set up an import regulation and control system in keeping with our national conditions and in line with the GATT requirements.

In the talks on restoring China's status as a GATT signatory state, we have repeatedly made the promise that China will reform its trade system. The promise mainly includes the following points: Establishing a foreign trade management system with tariff as the main means and gradually lowering the general tariff level to that which a developing country should have; gradually narrowing the scope of licenses and quotas, and expanding the market availability for foreign goods; increasing the transparency and unification of the foreign trade management system; formulating the "Foreign Trade Law," the "Antidumping Law," and other relevant laws and regulations as soon as possible so that we can manage import and export, expand foreign trade, and protect young industries according to the established laws and regulations. All these promises are related to the further reform of our country's system for managing foreign economic affairs and foreign trade. It should be noted that such reform is not a "concession. Bringing a country's system for managing foreign trade and foreign economic affairs into line with the international rules and standards is the international obligation that every country that is pursuing an opening policy should undertake. It will not harm this country's interests, but will just increase this country's international competitive power and enable it to more quickly and more extensively

participate in the international economy, thus strengthening itself and developing itself through the large international exchanges. In addition, the reform measures we have promised to take in the talks on restoring our GATT status will become part of our country's international commitments, and this will regularize and institutionalize our reforms and will be of far-reaching significance for increasing the stability and scientific nature of our reform in the field of foreign trade and foreign economic affairs management.

In short, the restoration of China's status as a GATT signatory state will not suddenly bring economic miracles to China, still less will this bring disaster to China's economic development. This will be the final step for China to join all major international organizations after its legal seat in the United Nations was restored in 1971, and it represents a major political and diplomatic move for achieving the strategic objective of "standing on our own two feet in the world family of nations." At the same time, the restoration of our GATT status will also indicate the beginning of the official convergence between the Chinese economy and the world economy and between the Chinese market and the world market. This will be of great significance for promoting the perfection of our country's socialist market economy, promoting the long-term stable development of our country's economy and trade, and really turning the Chinese economy into a vigorous component part of the world economy.

#### **Government Adopting Measures for GATT Rules**

*OW1412092492 Beijing XINHUA in English 0819  
GMT 14 Dec 92*

["Round-Up": "China Redoubles Efforts To Meet GATT Requirements"]

[Text] Beijing, December 14 (XINHUA)—China is taking all effective measures to meet the requirements of the General Agreement on Tariffs and Trade (GATT).

According to the country's foreign trade officials, the measures include cutting tariff duties, diminishing the scope of import licences, enhancing the transparency and unification of the country's foreign trade management system and speeding up the drafting of related laws and regulations.

The Commission of Tariff Regulations under the State Council, the central government, has decided to reduce the import tariff rates for 3,371 kinds of commodities as from December 31, officials with the commission said.

The move this time will have the biggest reduction and involve more commodities than ever before.

Tong Zhiguang, vice-minister of foreign economic relations and trade, also announced that China will make public all the documents about import and export management in a year, and it will only carry out those laws and regulations known to the public.

In addition, China will in two years do away with two-thirds of the import licences, greatly slash non-tariff administrative measures and basically abolish import mandatory plans, Tong said.

At present, China is deepening the reform of its import system, the core of its foreign trade system restructuring.

According to the state's overall program, China will gradually end its subsidies for some import commodities such as grain and chemical fertilizers, so as to make their tariffs conform with GATT's standards for developing countries.

At the same time, the country will cancel administrative practices in examining and approving import goods by promoting a fairly steady foreign exchange market.

The country's current specialized foreign trade corporations will undergo reforms. Apart from a small number of commodities controlled by the state, they will be allowed to conduct business in any field. The foreign trade corporations will no longer monopolize the import and export businesses of their original line of commodities.

According to a senior official with the Ministry of Foreign Economic Relations and Trade, China's foreign trade system is moving toward a direction in which there is less governmental intervention and more economic approaches concerning management through tariffs, rates of exchange, and credit.

All the measures are aimed at making China's foreign trade system conform with the international conventions related to GATT, the senior official said.

Observers say the objective to build a socialist market economy in China as laid down at the recent 14th National Congress of the Chinese Communist Party will promote China to take an even more active part in international exchanges and cooperation. In this sense, the country is paving the way for assimilating itself to the international GATT conventions.

To achieve this goal, China is accelerating its reforms of management mechanisms in state-run enterprises, finance, taxation, investment, pricing and labor and wage systems.

As for enterprises, having sensed the impending market changes with the progress for China to enter GATT again, they are taking every measure to shift their management mechanism to conform with a market economy so as to promote the competitiveness of their products in international markets.

The measures include cooperation with overseas businessmen, technological upgrading, better enterprise management and high economic efficiency.

Meanwhile, all trades in China are making great efforts to meet international engineering standards in order to abolish the technical barrier in international trade.



For the present, about 80 percent of China's information and communication facilities have reached the international standards, while 70 percent of the electronic products and 67 percent of machinery have met international standards.

In addition, some coordinating facilities serving overseas businessmen have been set up or improved, such as foreign exchange regulating centers, lawyers offices, public accounting firms, institutions handling lawsuits from foreign businessmen, and foreign affairs consultative organs.

The media in China are also hot with the topic concerning GATT. Newspapers and radio and television stations have started special columns or programs to introduce systematic knowledge about GATT, and a large number of specialists and scholars are giving lectures or holding symposiums related to GATT.

People's enthusiasm with GATT will still continue, observers say.

#### **Bank To Step Up Efforts To Curb Inflation**

HK1312053492 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Dec 92 p 1

[Article by Ling Kan: "Central Bank Makes Strategy To 'Closely' Monitor Inflation"]

[Text] The People's Bank of China, the country's central bank, will take measures to curb inflation while pursuing greater financial reforms.

Vice-Governor Chen Yuan said there is "some indication of inflation" at the moment. He expects that the inflation rate nationwide will be around 6 percent by the end of this year. It was 2.9 percent in 1991.

Although many economists think the overall rate is acceptable when a country's economy is growing quickly like China's, Chen said the central bank will "closely watch" inflation.

Investment has been increasing too fast this year, which has resulted in a shortage of capital in banks and some pressure of inflation, he said.

By the end of October, investment by State-owned enterprises was 37 percent higher than the same period last year, according to the State Statistics Bureau.

He said: "We have tightened loans to a certain extent to slow down expenditures, but the total amount of the money supply will not be reduced."

Chen said the central bank next year will adopt a monetary policy that ensures the money supply in China won't rise too fast and fuel inflation.

"To keep the currency stable is the central bank's most important task," he said. "It's also the best way we can support continued economic reform. Only by stabilizing

the currency can we create the best possible environment for economic development."

In the long run, Chen said he thinks China should reform its banking system to incorporate a floating interest rate, set by market forces.

Chen said that unless it adopts a market-determined rate, the central [as published] will lose control of the supply of money in the market economy.

Chen said introducing market-set interest rates should be done in two stages.

In the first stage, non-banking financial institutions, such as finance corporations, will enjoy more autonomy in setting their interest rates within a band.

In Chen's vision, interest rates on deposits and loans of State banks would be kept under the control of the central bank in the first phase.

In the second stage, free-floating interest rates based on a benchmark interest rate of the central bank would be established in expectation that the interest rates would naturally adjust the supply of money according to the laws of supply and demand.

Chen said the speed with which floating interest rates are introduced in China depends on the progress of enterprises' entry to the market.

Chen said the establishment of market rates requires that the central bank expand its business on open capital markets. By trading on capital markets, the central bank will be able to expand or reduce credits to adjust the supply of money.

To ensure that the central bank can effectively influence the economy and money supply in an open market operation, Chen said short-term treasury bonds must be issued for the first time. At present all treasury bonds are for medium terms which are matured in three to five years compared with one year for short term. [sentence as published]

The vice-governor said another important part of financial reform is revamping control over foreign exchange.

"China is considering cancelling its foreign-exchange quota system as soon as possible," said Chen.

Currently, enterprises must turn over their foreign exchange to the government. In return, they receive vouchers that allow them to purchase a controlled amount of foreign exchange.

But Chen said that system should be abolished, along with Foreign Exchange Certificates (FEC).

China will also seek to create a "unified, floating-rate system, based on the market" to replace the existing dual-rates system, which involves a State-set official exchange rate and a swap-centre rate, he said.

Finally, Chen said, renminbi will gradually become a freely-convertible currency.

"But the timing will depend on the size of the country's trade and foreign exchange reserve," he said.

### **Plan To Increase Banking's World Integration**

HK1312051092 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Dec 92 pp 1, 3

[Article by Zhu Ling and Ren Kan: "Plan Formed To Expand Banking"]

[Text] A top Chinese banker has announced a four-pronged programme to further integrate the country into the world financial community.

The programme includes further encouraging Chinese banks to set up branches abroad; attracting more foreign banks to China; allowing foreign banks to enter into new businesses in more Chinese cities; and gradually opening the country's insurance market.

In an exclusive interview, Chen Yuan, Vice-Governor of the People's Bank of China, said "our fast economic growth requires us to build up a closer relationship with our foreign counterparts."

He said that Chinese banks are eagerly seeking to establish links worldwide and launch affiliates outside China.

Following the establishment of a representative office by the Industrial and Commercial Bank of China in Singapore earlier this year, two other China banks, the Agricultural Bank and the Communications Bank, are considering launching affiliates in that Southeast Asian country.

The 47-year-old Chen revealed that more Chinese banks are seeking footholds in Europe and North America. So far, Chinese banks have set up more than 500 affiliates around the world.

Along with Chinese banks going abroad, foreign banks have also shown "great enthusiasm" about the prospect of setting up branches and offices in China, Chen said.

He said at least two foreign banks are expected to open affiliates in China this month.

One is the TM International Bank, a solely funded [as published] Thai bank in Shantou of Guangdong Province. The other one is the Shanghai branch of Japan's Sakura Bank Ltd.

Some European banks from the Netherlands and Italy are also applying to set up affiliates in China.

"Although German banks have not formally submitted their applications, they have been contacting us frequently," he said.

By last November, banks from 29 countries and regions had set up 225 representative offices in 14 Chinese cities.

And 67 foreign-funded financial institutions have been approved to operate in 13 Chinese cities.

Chen tried to alleviate concerns that allowing more foreign banks into China will tear business away from China's domestic banks: "It is unnecessary to worry that the arrival of foreign banks will affect the Chinese bank's business."

"Opening our financial markets will have a positive effect on China's financial industry in terms of helping China pool foreign capital and introduce new management techniques to our own banks."

The vice-governor singled out Japanese banks among all foreign banks, describing their performance as "outstanding" in China's financial market.

Several Japanese banks have set up affiliates in China. And even banks that have traditionally concentrated on the domestic Japanese market, such as Sumitomo and Mitsubishi, are applying to open branches in China.

"While most other countries are ignoring China's financial market, the Japanese have quietly gained a strong foothold in the country."

Chen said the Japanese banks conduct all kinds of business with particular attention to financing long-term projects.

As for Taiwan banks, Chen said: "We welcome them to open affiliates on the mainland."

Although Taiwan authorities have up to now not allowed their banks to set up affiliates on the mainland, some Taiwan bankers have had private contacts with mainland officials and have expressed their interest in launching mainland branches.

"We hope to set up a dialogue with Taiwanese finance administrative authorities."

Chen said the speed with which China is opening its financial markets to outsiders is unprecedented among East Asian countries.

The central government is considering allowing some inland Chinese cities in southwest, northwest and central-south China to open to foreign banks. The newly opened cities could include Wuhan, capital of Hubei Province.

Earlier this year, China allowed overseas banks to open branches for the first time in seven cities: Dalian, Tianjin, Qingdao, Ningbo, Nanjing, Fuzhou and Guangzhou.

Before that, overseas banks were allowed to set up branches only in the five special economic zones and in Shanghai.

Chen did not rule out the possibility "China will consider allowing foreign banks to engage in renminbi transactions from a long-term point of view."

At present, foreign banks are allowed to deal only in foreign currency transactions such as international settlements and hard currency loans. In addition, they can only accept deposits from foreign-funded enterprises and foreigners living in China.

"It will be all right to allow foreign banks to conduct renminbi business provided they are taxed the same way as domestic banks," he said.

At present, the tax rate applied to the foreign banks is 15 percent while it's 55 percent for Chinese banks, which are all State-run.

China is also "experimenting with" opening its insurance market, Chen said.

The People's Bank of China in October approved the American International Group to launch a solely funded venture in Shanghai to conduct insurance transactions. The venture formally became operational on Friday.

Several firms from Japan, the United States, Britain and Hong Kong have applied to conduct insurance business in China.

But, in an effort to protect China's own insurance industry, Chen said it isn't likely that the nation will permit too many foreign firms to gain entry.

China's insurance industry is in its infancy: There are only three national insurance corporations in China at present and they only offer limited insurance items

#### **Foreign-Funded Bank With Headquarters in China Opens**

OW1212135492 Beijing XINHUA in English 1243  
GMT 12 Dec 92

[Text] Shantou, December 12 (XINHUA)—The first foreign-funded bank with its headquarters in China, the International Bank of Thailand, opened in Shantou today.

The bank's partners include a military bank in Thailand and its registered funds total \$20 million.

#### **Economist Speaks on Direction of Rural Reform**

HK1412045392 Beijing LIAOWANG in Chinese No 42,  
19 Oct 92 pp 17-19

[Interview with economist Du Runsheng by staff reporter Du Yuejin (2629 6460 6651): "The Main Course of Rural Reform—Interviewing Comrade Du Runsheng"]

[Text] "Reform Has Not Succeeded Yet, Comrades Must Still Try Hard"

[Du Yuejin] Our revered Comrade Du, at this time when a new spring tide of reform and opening up is surging high, public opinion largely focuses on transformation of the enterprise operating mechanism, transformation of

the functions of government organs, and other issues of reforming the urban economic system. Rural reform is seldom mentioned, and even if it is mentioned, people's views basically focus on upholding the household contract responsibility system, on perfecting the two-tier operating system, and on transforming the production structure. What is your view on the next step of rural reform?

[Du Runsheng] It is very important to stabilize the contract responsibility system and to perfect the two-tier operating mechanism, but whether or not it is the only important and the final task of reform is open to question. To reform is to destroy the old and establish the new, to liberate productive forces, and most importantly, to reform the system. It is an important step to transform the unified accounting and workpoint distribution system practiced by people's communes into household contracts, to lay a new microscopic structural foundation. As a logical train of thought, the next step should be transforming the macroeconomic operating mechanism and replacing the planned economic system of the past with a market economy, that is, establishing a socialist market economy. In this sense, it is still too early to say rural reform has been crowned with success. As a matter of fact, to bring the rural economy within the orbit of market economy, to allow the market to play a foundation role in resources allocation, and to establish a macroscopic regulating system of the market, it is necessary to reform certain systems and organizations accordingly and to readjust a series of policies and measures until people's ideas have been renewed. This is a huge project, which implies "storming heavily fortified positions." Regarding this point, our comrades who are undertaking rural work should have sufficient mental preparation.

[Du Yuejin] Reforming the microscopic structural foundation of reform and reforming the macroeconomic operating mechanism are two stages. How should the two converge?

[Du Runsheng] Reform must be carried out in a comprehensive and coordinated manner, covering urban and rural areas as well as agriculture and industry, and rural reform takes the lead in this process. Hence, in recent years, reform aimed at establishing the market operating mechanism cannot proceed by itself. However, we have not given up and also should not give up this goal. We have utilized this interval to carry out controllable reform experiments in accordance with these assumptions. For example, in more than 20 rural reform experiment zones authorized by the central authorities, we have carried out price reform of farm produce and established and perfected new social service organizations, implemented reforms in the system of township and town enterprises, in the land system, and in the financial system. These reforms and experiments are all prepared for the establishment of the basic structure of market economy.



Viewed from the running of the national economy as a whole, there is still a double-track system in which two systems coexist with each other. It is objectively inevitable that such a double-track system exists because it provides new conditions for the development of the national economy, but we cannot regard its long-term existence as indispensable. In reality, it has brought about some unfavorable effects, such as a periodic fluctuation in production, an inability to give consideration to both pace and benefits, difficulties in balancing supply and demand, and a huge shortage of funds and other investment on one hand but waste and redundancy on the other. Taking agriculture as an example, not long ago we warned that grain yields fluctuate; now, we find it difficult to sell and to store up grain. This further proves that the regulating power of the planned economy is very limited. Peasants are traditionally in an unfavorable position in the urban-rural exchange, and periodic fluctuations in production aggravate their sufferings. Over the past two years, without mentioning any time before that, such negative effects and risks as unemployment, insufficient job opportunities for youth awaiting employment, and market slumps, which are inevitable in a period of economic readjustment, were directly or indirectly shifted on to peasants. During the periods of revolution, construction, and reform, peasants in China have always been restraining themselves from pursuing their own interests and making as much contribution as possible to the country. They have been holding fast to a wish for a long time: To complete restructuring more quickly to develop into a socialist society which is really superior. So, can we regard it as unimportant and remain indifferent? "Reform has not succeeded yet and comrades must still try hard." After Comrade Xiaoping made his southern-tour remarks, a consensus has been reached to expedite the pace of reform, to put an end to the double-track system, and to establish and perfect a new socialist market system. This is a great opportunity for us to implement the next step of reform—setting up a macroeconomic operating mechanism geared to the market economy.

[Du Yuejin] Recently, to solve the problem of a decrease in peasants' real income, it seems that rural work has been focused on transforming the structure of agriculture, that is, transforming a quantitative type of agriculture which merely sought high yields in the past into a "fine-quality, high-yield, and highly effective" type of agriculture, which attaches importance to benefits.

[Du Runsheng] Readjusting the structure of farm produce is a strategic change with great significance, and an appropriate policy decision which should be promoted vigorously. However, in the process of realizing such a change, we must consider a question: Where does the motive force of transforming the structure of production come from? We have always stressed benefits for years in the past, why did we fail to improve benefits? It is because under the constraints of the old system, economic entities did not have autonomous powers and did not have direct gains or losses. Also, free choice was not

allowed, the price lever was twisted, information was distorted, and there was no basis for making choices. If the system becomes market oriented, economic entities taking part in market competition will have autonomy and the right to choose. They will forward their demands, evaluate benefits, and calculate gains and losses in light of the market, and they will also rely on market competition to let those with good performance triumph over those with poor performance. In this way, we get the motive force. At the outset of reform, rural areas took an earlier step than cities in introducing the market mechanism, and tremendous economic benefits have been manifested even when the process has not finished yet. Everyone can see that, with the implementation of the household responsibility system, productive forces have been liberated and the problem of subsistence living has been basically solved. What has closely followed is that township and town enterprises have come to the fore to solve the employment problem of a population of 100 million. Meanwhile, the supply of consumer goods has been increased to give a strong guarantee for national economic and political stability. The peasant household economy, township, and town enterprises achieve economic success when the double-track system of planned and market economies are at work at the same time. Greater success will be brought about if we can further deepen reform.

#### Rural and Urban Reform

[Du Yuejin] Our country's reform started from rural areas. The next step is to further carry out market-oriented reform, which implies that rural and urban reform will merge into an organic whole. Would you please say something on the relationship between these two kinds of reform.

[Du Runsheng] The selection of rural areas as the starting point of reform is a characteristic and merit of reform in our country. During the period of democratic revolution, cities were encircled by rural areas, and the scale and pattern of struggle of the rural movement was greater and more advanced than workers' movement in cities. Now, reform also proceeds from rural areas to cities, and rural areas have taken an early step to establish the peasant household contract economy, township and town enterprises, and two new microscopic structures of agriculture and industry. They have taken an early step to create market conditions. Peasants in coastal areas have even taken an early step to capitalize on their superiority of human resources and of geographical conditions to develop an export-oriented economy. In this way, new enterprises with a new mechanism emerging in the wake of reform have occupied a position in rural areas first, and then grouped together to become small industrial zones and cities to form a pattern in which cities are driven by rural areas and in which competition exists between new and old cities and between new and old enterprises, and finally to make the market economy an irresistible trend, thus promoting urban reform and accelerating transformation of the operating mechanism of large and medium enterprises.

[Du Yuejin] Why should we choose such a reform procedure, proceeding from rural areas to cities?

[Du Runsheng] We choose rural areas as the point of departure not only because economic relationships in rural areas are simpler, with greater elements of self-sufficiency—and there is great political significance to stabilizing the peasant population—but also because such a sequential arrangement of the process of transforming the old system into a new one can provide conditions for sound transformation. We have not taken the so-called “shock therapy” or “a hundred days reform” plans, but have been integrating reform with development step by step. Reform facilitates development and vice versa, and the establishment of new economic mechanisms and transformation of old economic mechanisms should be given equal importance. The consequence of so doing is that reform is being unceasingly supported by ever-growing economic strength, and that some expected risks in reform are scattered. By taking the bearing capacity of the masses into account, it helps avert chaos caused by the combined outbreak of unemployment and inflation and realize steady transition. This experience also illustrates that the advancement of rural reform will definitely not be harmful to urban reform. Quite the contrary, if rural reform lags behind urban reform, difficulties in reform will inevitably increase. The final decisive battle of reform is in cities. If rural positions are occupied in the initial period of reform and the ratio of resources allocation between old and new systems are changed, the reform process will become smoother, the cost will be smaller, and the rate of success will be higher. This is precisely the way which we take our own road in light of our country's actual conditions.

#### Grasping the Main Course of Reform

[Du Yuejin] Comrade Deng Xiaoping's southern-tour remarks cleared, from a theoretical point of view, the understanding of market and planned economies, and defined both market and planning as means of resources allocation. People no longer evade the term market economy, and the direction of reform has become clear. However, why is the main direction described as establishing a new system of socialist market economy? Can you say something on this point?

[Du Runsheng] In fact, as long as it is a commodity economy, it is a market economy. We all agree that economic arrangement should be worked out in accordance with the law of value, but the question is what means should we rely on to realize the law of value? Prices were set by merely adding production cost with due profits in the past, and such a practice was believed to comply with the law of value. It is correct to say that the value of every commodity is the essence of labor. However, people's work can be classified as simple or complicated, the means of production can be classified as advanced or backward, and commodities produced can be classified as those which suit or those which do not suit local market needs at the moment, thus Marx

put forward the principle of determining the value according to necessary social labor. If a commodity is not subject to market exchange, no one can determine the concrete measurement of the necessary social labor of a certain commodity. In the face of thousands of commodities, who can accurately fix every commodity price to reflect its real value? Can the price fixed accurately reflect the scarcity and shortage of all kinds of resources? It is impossible for any country to have supply of everything, and all countries will come across the problem of scarcity and shortage. Thus, a proper allocation of resources is the essential condition for social and economic development and progress. For instance, since peasants' earnings at present have been reduced, we call for transformation of agriculture from quantity into benefit. But can anyone be qualified to promote and realize this transformation? Peasants can only listen to the command of price signals. The comprehensive look of history can tell us that it is still difficult to find means other than the market which are more appropriate to solve the problem of optimized allocation of resources. As mentioned above, reasonable prices can only arise from the market process. It is certainly correct to promote agriculture through science and technology, but what kind of forces can encourage peasants to utilize scientific and technological achievements? It is also market competition which prompts them to strive to reduce cost and to calculate real benefits of inputs, thus utilizing science and technology. This can also explain why socialist countries in the past, while free from the shackles of private ownership, did not popularize and utilize scientific discovery and technological invention as quickly as capitalist countries did.

[Du Yuejin] With regard to rural areas in our country, which are still full of natural economic color, it seems that a market economy can also help speed up the division of labor.

[Du Runsheng] Yes, it can give impetus to division of labor, speed up the process of turning to commodity production, and optimizing the industrial structure. This is because the traits of commodity economy call for reducing costs and increasing profits. The development of commodity exchange is bound to break up the self-sufficient small-scale peasant economy restricted to one's own family. It not only gradually enables forestry, animal husbandry, fisheries, and household handicraft to be divorced from agriculture and to become independent industries with a certain scale, but also facilitates agricultural production and services before and after production to become independent industries, that is, so-called tertiary industry. In this way, agriculture itself can introduce factors of modernization more quickly to greatly improve agricultural productivity and to realize intensive farming.

In short, the majority of our people are still densely populated with little farmland, and 800 million peasants

are engaged in farming. This pattern, which overemphasizes self-sufficiency, must be changed. To change this situation, we must unswervingly shift to a market economy.

[Du Yuejin] Market economy is still something new for most Chinese citizens, can you briefly introduce the major content of transition to market economy?

[Du Runsheng] First, it is necessary to accelerate the pace of capital circulation, to facilitate a free flow of labor, and to diversify the means of capital accumulation and functional transformation. Second, ownership and management must be separated, and property rights must be clear and open to the public. Third, there must be service organs and facilities which can be commonly used by producers. These are the basic conditions of market development and also the major content of our reform at present.

Only when we started to activate the market after the Third Plenary Session of the 11th CPC Central Committee could we push the economy to a new process. However, due to the fact that transformation of government functions proceeds too slow, fetters put on the market by the old system have not been completely removed, and market development is still under constraints. In particular, circulation of factors of production, the capital market, the land market, and the labor market, are still far from taking shape.

In rural areas, problems of property rights have not been solved. For instance, with separation of ownership and right to use land, can the right to use land be transferred? Another problem is about how to distribute land increment (differential rent). It is necessary to differentiate a rise in land value set off by urbanization with changes of land quality caused by land investment. The nature of these two kinds of increment is different. With regard to the former, it is still not clear how to distribute its profits. The issue of property rights is not a simple relationship between people and things, but rather social relations between people. The goal of reform is to enable peasants to have a good anticipation of land management, and to ensure that they do not worry about their interests being infringed upon by others and that others have no way to infringe upon peasants' interests. Now, peasants worry about others' infringement, and others really go to infringe upon peasants' interests. This illustrates that we have not truly developed into a society ruled by law.

The earliest joint-stock system seen in rural areas since reform was a form which opens property rights to the public. It was also a form of capital circulation. The simplest joint-stock system is to "take capital as the guide of labor." Thereafter, more standardized joint-stock systems came to the fore. Moreover, reform of floating interest and financial organizations must be implemented in line with market needs.

[Text] At present, we should first develop the product market, reform the system of state monopoly for purchase and marketing, run well the existing market system of purchase and marketing, and construct a new one. Then, we must set up corresponding markets of factors of production, such as capital, labor, and land markets.

The development of rural service trades is also for organizing peasant households to enter the market. Hence, it is necessary to integrate with market needs to advocate community cooperation and to engage in service trades with every peasant household responsible for its own management. However, we have to pay attention to the fact that service targets cannot be too small, otherwise it will not accord with the principle of economizing transaction expenses. It will even incur deficits and will be difficult to persist if the work is not done well. Most of the service trades should better straddle various localities and be specialized. The more targets it serves, the lower the cost. We should diversify forms of services, and all types of enterprises, whether they are state-run, collective, individual, private, or in partnership, and must initiate service trades as if "four wheels are driven."

In developing township and town enterprises in the future, we should also take the issue of labor mobility into consideration, and industrialization and urbanization should supplement each other. It is a good experience to have industrial and development zones and to use peasant's funds to construct cities and towns. Household industries must be decentralized, while the enterprise type of economy must be properly centralized. Tertiary industry can be initiated after the enterprise type of economy has been centralized. Enterprises should jointly utilize service trades. This practice not only cuts costs, but also helps industries achieve a high degree of development. The fundamental way out of rural areas in China is to improve labor productivity, to transform farming into intensive operation, and to strive by every means to accomplish an equal exchange with large industries. Hence, it is absolutely necessary to develop secondary and tertiary industries, promote urbanization, and to recruit peasants for employment.

#### Modern Market Economy Must Establish Macroscopic Regulating System

[Du Yuejin] Whenever talking about market economy, some people always associate it with cruelty and brutality of free competition in the early stage of capitalism, and with such economic crises of capitalism as extravagance and unemployment. In fact, at the present time when the market economy is highly developed, it seems that rules and regulations fettering enterprises in market competition are no less than constraints under a planned economy, and the only distinction is that these are constraints in a completely different nature....

[Du Runsheng] The socialist market economy, which we must establish, operates under macroscopic government regulation. This is a demand set by modern markets, and



is also a need of socialism. Economic relations are increasingly open and production is increasingly determined by the market, thus macroscopic administration is required to combine with the market system. Market is in no way omnipotent, and in areas which are beyond its reach, such as balance of efficiency and fairness, overall control of national income distribution, regulation of social and natural environment, and regulation of partial and overall interests, proper intervention in line with the objective trend is needed.

Here, I want to stress, in particular, protection of agriculture. Agriculture is an industry which bears very high risks, but has very great social significance. It is often in an unfavorable position in the market system, hence it needs some essential and beneficial intervention.

As far as its functions are concerned, the government should extricate itself from direct operation of routines and turn its attention to administration of the overall design of national economy, to formulating laws and policies, and to providing information and guidance.

#### **Taxation Administration Tightens Collection Work**

OW1412011092 Beijing XINHUA Domestic Service in Chinese 0647 GMT 12 Dec 92

[Text] Beijing, 12 Dec (XINHUA)—On 11 December, the State Administration of Taxation issued an urgent circular, urging all localities to work harder during the last 20 days of the year to successfully accomplish the work targeted to collect additional tax revenues of 12 billion yuan.

The circular urges all localities to conscientiously carry out the State Council "Circular on Strengthening the Administration of Turnover Taxes" and resolutely correct the practice of contracted turnover taxes. Those who have already commenced the practice of contracting turnover taxes should stop immediately. They should collect taxes strictly in accordance with tax law regulations and turn them over to the state in full. It is imperative to strengthen the work of collecting overdue taxes. Efforts should be made to ensure the total collection of taxes due this year. Overdue taxes from previous years should be reduced at least 20 percent. Tax reduction and exemption should be strictly controlled. It is necessary to strengthen the administration of tax collection and export tax reimbursement. Stricter examination and control should be imposed to avoid export tax reimbursement defraud. Efforts should be made to pay back in time those tax returns tallying with relevant regulations.

#### **Retail Sales Up 15 Percent in 1992**

HK1312041692 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Dec 92 pp 8

[Article by Yan Xianfu: "Retail Sales Up 15

on 1991"]

[Text] Retail sales, especially in cities, have markedly increased so far this year.

Official statistics show retail sales in China's urban areas amounted to 433 billion yuan (\$78 billion) by the end of October, a 17.7 percent jump over the same period last year.

In rural areas, retail sales also posted double-digit increase with a sales volume of 338 billion yuan (\$61 billion), 13 percent up on 1991.

The country's total retail sales volume was 15.5 percent up from the same time last year.

Experts attributed such hefty growth to the increasingly rich market which invites people to buy more and better quality goods.

Clothing, jewellery, lotion and shoes are the biggest sellers. Each has a growth rate higher than 30 percent, according to a survey of 35 big department stores across the country.

Sales of household electrical appliances increased with colour televisions up 11.7 percent in the 35 stores. They accounted for 87.5 percent of total TV sales in these stores.

Sales of fully automatic washing machines increased 38.3 percent, accounting for 39.7 percent of washing machine sales.

Experts predict retail sales will keep increasing next year.

#### **Oil Imports Expected To Exceed Exports by 1995**

HK1312055692 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Dec 92 pp 1

[Article by Wang Ya: "China Expects To Become Oil Importer"]

[Text] China is expected to become a net importer of oil by the year 2,000 to fuel its expanding economy.

In fact, the country's oil imports are expected to equal or exceed exports by 1995, experts say.

The experts expect that oil exports will eventually be phased out as the national economy grows and consumes more of the nation's own oil.

A recent international study shows that China and Indonesia will lead an overall decline in crude oil exports in the Asian-Pacific region. The average growth rate in the region for 1992-93 is projected at a high 6.75 percent pace.

A top Chinese trade official told Business Weekly that China's double-digit economic growth may extend into the remaining years of this century, which would necessitate oil imports.

"If our economy keeps up its rapid growth rate, domestic oil production will fall short of demand," said the official, who asked not to be identified.

China's current annual oil production stands at around 140 million tons, which ranks 5th in the world.

In 1991, China exported 23 million tons of oil and imported 6 million tons.

In the first nine months of this year, oil exports were further reduced while imports turned higher.

Official estimates put the oil production output for 1995 at 145 million tons.

By the year 2000, the annual oil output is expected to top 175 million tons, with some officials holding that the import and export volume would be roughly balanced.

They predicate their forecast on the assumption that China's annual economic growth rate will be in the range of 8-9 percent.

"But it is for sure that the double-digit growth rate will not be changed," claimed the official who requested anonymity.

The gross national product increased by 10.6 in the first 10 months of this year and the figure is much higher in many a local provinces and cities.

For example, the industrial output in Suzhou, Jiangsu Province was 76.5 percent higher in the first 10 months this year over the corresponding period in 1991.

"The local economic boom has caused a decentralization in the State control over oil trade," the official said.

That means local businesses are having greater freedom in buying oil from overseas, he said.

The government says that it will take a very long time for China to discover more oil resources to bolster production.

Meanwhile, the burgeoning economy is causing oil consumption to grow at a faster rate than production.

China's old oil fields have seen a 4-6 percent annual decline in production output. Officials say the decline is being offset by production from newly discovered fields, such as those in the Northwest.

China started to reduce its oil exports in 1986, partly in co-operation with the Organization of Petroleum Exporting Countries' (Opec) action to defend oil prices by cutting production.

To offset the import pressure, which now looms large, China has planned to increase the use of coal to replace the crude oil burn [as published] as fuel.

Officials said oil consumption has been reduced in the country's total energy use.

At present, oil and gas provide 21 percent of China's total energy supply, statistics show.

**Petroleum Futures Market Established in Nanjing**  
*HK1312062192 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Dec 92 pp 1, 2*

[Article by Chang Weimin: "Petroleum Futures Market Established in Nanjing"]

[Text] Market forces are getting stronger in China's petroleum trade and analysts believe before long oil prices will rise to international levels.

As part of this move, four Chinese oil and petrochemical firms and the Jiangsu provincial authorities set up China's first oil futures market in Nanjing last week.

The firms include China National Petroleum Trading Corporation, China National Offshore Oil Corporation (CNOOC), China Petrochemical Trading Corporation and China National Chemicals Import and Export Corporation.

Business Weekly has learned that bigger oil exchange centres are being considered by big-name firms in other cities, possibly in Beijing and Shanghai.

The nascent futures markets will be run in line with international conventions.

Analysts say such exchange centres will help introduce free-market factors to the petroleum trade.

The central government has for decades monopolized the petroleum market. Only State-chartered firms have had the right to sell oil, giving the government tight control over oil prices.

On the eve of the reforms such as possible lifting of oil price controls, prices have begun to fluctuate.

In Beijing, a shortage of oil products has emerged and profiteers are making money from trading oil coupons.

Chinese officials and entrepreneurs from the petroleum industry are aware of this, but say they need time to see how the whole situation stands and what the repercussions will be.

In Nanjing, a 32-storey building now under construction will be used for forward as well as over-the-counter trading of oil.

It is unknown whether imported oil can be traded at the market.

Reports say the centre is supported by Chinese and overseas enterprises, including oilfields, refineries and trading companies.

Analysts said they believe the free market will help oil prices rise to international levels.

The free market calls for floating prices and reliable sources said the government will soon lift controls to allow that.

The sources did not reveal when the government will lift controls and to what extent the deregulation will go, but said free market prices are inevitable.

Considering that China is likely to re-enter the General Agreement on Tariffs and Trade (GATT) next year and will have to cut tariffs on imports to meet GATT requirements, domestic market prices for oil are believed to be harder to forecast.

Other factors, such as world-wide efforts to stabilize oil prices by co-ordinating production and economic growth in Western nations in the future, are also expected to affect China's market and petroleum production.

Studies on all this are underway, experts said.

Last year China produced some 140 million tons of crude oil, and output this year is predicted to be the same or slightly higher.

### Government To Spur Huang He Delta Development

OW1212094892 Beijing XINHUA in English 0823  
GMT 12 Dec 92

[Text] Yinchuan, December 12 (XINHUA)—China plans to speed up the development of the Yellow River [Huang He] Delta, according to a recent work meeting of economic co-operation areas along the Yellow River Valley.

The meeting, held in this capital of northwest China's Ningxia Hui Autonomous Region, reported that, according to the plan, the country will have opened up 400,000 ha [hectares] of polder areas to grow rice and cotton by the year 2000.

As a result of silting, the Yellow River Delta creates about 2,700 ha of new land a year.

A local official said that the delta, with vast territory and few people, plans to build reservoirs with a total water storage capacity of one billion cubic meters so as to provide enough fresh water for tapping oil resources in the delta.

Construction of several ports will pave the way for developing the delta in an all-round way, the official noted.

### Personnel Rules for Joint-Stock Enterprises

HK1312081792 Beijing XINHUA Domestic Service in Chinese 1543 GMT 3 Dec 92

[Text] Beijing, 4 Dec (XINHUA)—Interim Procedures on Personnel Management for Pilot Joint-Stock Enterprises

Article 1. These procedures are formulated in accordance with the "Procedures Governing Operation of Joint-Stock Enterprise Pilot Project" and the laws and regulations concerning enterprise personnel management, with a view to ensuring, in terms of personnel management, the wholesome development of pilot joint-stock enterprises.

Article 2. These procedures are applicable to corporations [gu fen you xian gong si 5140 0118 2589 7098 0361 0674] and limited liability companies [you xian ze ren gong si 2589 7098 6307 0117 0361 0674].

Article 3. With regard to personnel management, pilot joint-stock enterprises (hereinafter referred to as enterprises) shall select and appoint staff members on their merits and ability, by open, democratic means on a competitive basis, and in accordance with the basic principles on personnel management as laid down by the state.

Article 4. The board of directors of the corporation is the corporation's standing organ of power. The board of directors shall be formed by an odd number of directors not fewer than five.

For a limited liability company with an assembly of shareholders, the board of directors serves as the assembly's executive body. For one without an assembly of shareholders, the board of directors is the company's highest power organ. A limited liability company's board of directors shall be formed by not fewer than three members.

The chairman of board of directors is the enterprise's statutory representative. In case the chairman cannot serve as the enterprise's statutory representative, the enterprise's articles of association shall set forth appropriate provisions.

Article 5. Directors are elected and subject to recall by the assembly of shareholders. For shares held by the state, the state investor, whether a state organ or institution, shall appoint its representative to vote in the election. The number of directors taken from such state shareholders shall be determined according to the proportion of the amount of shares held by the state to the total amount of shares of the enterprise, as well as the provisions on the formation of the board of directors as prescribed by the enterprise's articles of association. The term of office of directors is three to five years, and directors can keep their posts for consecutive boards of directors through election.

Article 6. The chairman and vice chairmen of the board of directors shall be elected from among the directors and are subject to recall by the board of directors. The term of office of the chairman is the same as that for other directors. The chairman can be reelected consecutively.

Article 7. The manager is elected (appointed) and subject to recall (discharged) by the board of directors. The



manager's term of office is the same as that for directors, and he can hold the post for consecutive terms of office which, however, shall not be more than three terms in general.

Article 8. Assistant managers and other senior executives can be directly appointed and discharged by the board of directors; or they can be appointed and discharged by the manager, based on the latter's recommendation or suggestion and on the board of directors' endorsement.

Article 9. The enterprise's intermediate-level executives shall be appointed and discharged by the manager.

Article 10. Appointment and assessment systems shall be practiced for the employment of executives and technical personnel of the enterprise, while an additional anti-favoritism system shall also apply to the employment of leading staff members of the enterprise. The enterprise is to work out specific procedures for implementation of such systems on its own.

Article 11. The enterprise can publicly recruit its executive and technical staff in accordance with state regulations, but the recruitment of any executive and technical staff members from abroad is subject to prior approval by the government organ(s) concerned.

Article 12. Exchange of executives and technical personnel can be made between enterprises in the same locality through direct consultations, and the personnel exchange formalities can be fulfilled between the enterprises concerned, whereas personnel exchange between enterprises of different localities shall be effected with the involvement by the government departments in charge of personnel affairs, in accordance with their jurisdiction over cadre control and in compliance with the regulations concerned.

The enterprise's manager, in general, shall not be transferred out of the enterprise during his term of office. In an exceptional case where the manager needs to be transferred, the arrangement shall be subject to the prior approval by the board of directors and any auditing procedures, if necessary, shall be completed.

Article 13. Retirement and resignation of the enterprise's executive and technical staff is subject to the provisions concerned prescribed by the state.

Article 14. The enterprise can independently decide on its own organizational structure to suit its operational needs.

Article 15. The right to interpret these procedures resides in the Ministry of Personnel of the PRC.

Article 16. These procedures shall go into effect on the day of their promulgation.

The Ministry of Personnel, the State Commission for Restructuring Economic Systems [dated] 17 September 1992

### 'Middlemen' Playing Greater Role in Economy

OW1212095092 Beijing XINHUA in English 0838  
GMT 12 Dec 92

[Text] Wuhan, December 12 (XINHUA)—Middlemen, lurking in the background in the past few years, have been pushed to the front of the economic stage by the tide of China's economic development.

In the late 1980s stock-brokers appeared only in the coastal areas along with the opening of the stock exchanges in southern China's Shenzhen Special Economic Zone and China's leading municipality of Shanghai.

But now brokers are actively involved in the markets in inland cities.

In Wuhan, capital of central China's Hubei Province, 30,000 shareholders are registered with the Wuhan Stock Company, which is one of the 250 member companies of the two exchanges. They have bought 47 categories of shares from the 110 commission agents with the company, and the volume in November totalled nine million yuan-worth (about 1.6 million U.S. dollars).

There are more and more middlemen becoming involved in technology transfer in China.

Three months ago the Technical Research Institute for the Production of Daily Articles opened by He Yang earned 400,000 yuan from selling "innovative ideas".

The Changjiang company providing technology consultation established in Wuhan by Li Jianping promotes the application of 50 items of technical research findings to production every month on average.

In cultural circles, "xuetou", that is middlemen, are playing an important role in seeking sponsors for the shooting of TV series, the publication of best sellers and the putting on of performances.

In the meantime, government clerks in some state-run work units have begun to assume a new role as middlemen so as to stand on their own feet and break the egalitarian practice of "iron rice bowl". Some patent offices have begun to charge fees for their services in technology transfer.

China expects a comeback of middlemen to boost its economy.

Middlemen's offices have been established in Shanghai and Guangzhou, capital of southern China's Guangdong Province, and professional middlemen have obtained licences from the industrial and commercial administration bureaus to start their business.

In Wuhan eight middlemen were rewarded in November for attracting a total overseas investment of nearly 10 million U.S. dollars.

Yet it should not be ignored that there do exist some middlemen who are involved in unlawful dealings such as tax evasion, charging unreasonable fees, fraud or trying to circumvent the laws.

With the development of a healthy market and the improvement of China's legal system, middlemen are expected to play a more and more important role in China's economic development in the near future.

### East Region

#### 300 Shandong Peasants Go to Iran for Work Project

SK1212084692 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 11 Dec 92

[Text] A labor service export team composed of 300 peasants from Gaomi County left for Iran a few days ago. This team is to lay petroleum pipeline in Iran for one and a half years. With the support of relevant departments, the Gaomi County Water Conservancy Bureau organized and sent this team to Iran to undertake the petroleum pipeline laying project.

#### Shanghai Speeds Up Construction of Bonded Area

OW1212113292 Beijing XINHUA in English 1023 GMT 12 Dec 92

[Text] Shanghai, December 12 (XINHUA)—China's largest free trade zone—the Shanghai Waigaoqiao bonded area, which covers an area of 10 square km and is located in Shanghai, a leading industrial city in the country—has gained speed in its development.

So far it has built up a complete enclosing wall, while 18 city roads are under construction, with a total length of 14 km.

The 22-story free trade management center, which has a construction area of 25,000 square meters, has entered the basic engineering stage.

Some general factory buildings, bonded warehouses, office buildings, and residential dwellings, are expected to be set up soon.

To let domestic and foreign businessmen step into the zone earlier, a two square km land plot has been approved to be leased.

Some 250 projects, raised by 15 foreign countries and regions as well as China, have been started in the zone. Each of them drew an average investment of at least five million U.S. dollars.

Moreover, 120 noted domestic and foreign enterprises have been approved to be set up. Some overseas-funded enterprises have gone to operation.

Yuan Yanhua, general manager of the Waigaoqiao Bonded Area Joint Development Co Ltd, said that before 1997, they will fulfill the whole development task of the zone, and will link the zone with Waigaoqiao harbor.

#### Shanghai Commentator on Spiritual Civilization

OW1212104692 Shanghai WEN HUI BAO in Chinese 29 Nov 92 p 1

[Commentary by WEN HUI BAO commentator: "Raise the Building of Spiritual Civilization to Another New Level"]

[Text] Policeman Zuo Zhixin and bus driver Wu Jun displayed a great deal of courage when they pushed a broken-down bus off a railroad track on Guangxin Road on 17 November. Their courageous act helped avert terrible consequences which might have resulted from a train-bus collision. Their valiant action has attracted attention and won praise from the people in the municipality. Their deed may serve as a vivid, realistic, and good example for promoting the building of socialist spiritual civilization in Shanghai. The aforementioned incident shows that, during the course of reform and opening up to the outside world, Shanghai has not only achieved great progress in the building of material civilization, but it has also constantly produced results in building spiritual civilization. Numerous civilian units and advanced and exemplary individuals have emerged during the course of reform and opening up to the outside world, and, in turn, they are now taking the lead in building spiritual civilization in Shanghai.

The Shanghai Municipal CPC Committee attaches great importance to building spiritual civilization. This March, the municipal CPC committee and the municipal government called a mobilization meeting on enhancing the work of building spiritual civilization. It was stressed at the meeting that the more Shanghai carries out reform measures and the more it opens itself to the outside world, the more it needs to strengthen the building of spiritual civilization. "Ten red flags" and "10 vanguards" on building the two civilizations were commended at the meeting. This June, Shanghai called a commendation meeting to publicize 100 good deeds and the 10 best deeds in building socialist spiritual civilization of 1991. These good deeds show the spiritual outlook of the Shanghaiese in the 1990's. These "red flags," "vanguards," and "good deeds" vividly show the formation of new concepts, new thinking, and new practices among the people in Shanghai, as well as a sharp change in their spiritual outlook during the course of reform and opening to the outside world. This is a powerful spiritual force that will help build Shanghai into a civilized and modern metropolis.

Advanced individuals and advanced thinking will serve as models to attract, encourage, and guide the masses to work hard for the country's prosperity. Honoring advanced individuals and encouraging healthy trends are effective ways to boost the building of spiritual civilization. To promote the building of material and spiritual civilizations, we should fully bring into play the great enthusiasm and the creative spirit displayed by advanced people from all walks of life. With this end in mind, it is necessary to vigorously publicize the news of



advanced deeds among the masses, to ensure that the deeds of advanced individuals are engraved into the hearts of the people, to make advanced individuals models for respect and emulation among the populace, and to establish a trend of emulating advanced individuals within society in an effort to genuinely give full play to the exemplary and guiding roles of advanced individuals in all forms of work and in all aspects of social life.

Advanced and exemplary individuals are a product of the times. They are outstanding representatives who have emerged after years of reform and opening to the outside world. They come from all walks of life and are the vanguards in building the socialist material and spiritual civilizations. They not only carry forward excellent revolutionary traditions, but they also display the positive traits that have emerged from many years of reform and opening to the outside world. The purpose of giving prominence to their advanced deeds and advanced thinking is to promote the advancement of our undertaking. To create a sound social environment and interpersonal relationship for reform and opening to the outside world, it is necessary to foster the spirit of mutual concern, mutual support, mutual respect, unity, fraternity, and it is also necessary to help create a good social atmosphere in which all will abide by social ethics, will take pleasure in helping others, and will care for the safety of other's lives and the security of the property of the state and the people. Society is made up of groups of people. In interpersonal relations, people must stress social morality, professional ethics, and family values. Today, in every field of endeavor, we have made progress and have also encountered problems. To resolve these problems, we must vigorously strive to foster Shanghai citizens' sense of responsibility as masters of their land so that they can stand together through thick and thin to build up Shanghai. We must attach equal importance to material and spiritual civilizations. If we foster both material progress and cultural and ideological progress, attaching equal importance to both, Shanghai's reform, opening up, and socialist modernization will develop soundly.

In his recent inspection tour of Shanghai, Comrade Jiang Zemin pointed out: On the one hand, we must steadfastly advance the reform of the socialist market economy according to the requirements outlined at the 14th CPC National Congress; on the other hand, we must continue to build a spiritual civilization to prevent and combat the corrosive effects of decadent ideology and raise the people's ideological and cultural standards. We must make true progress in both material and spiritual civilizations. In building spiritual civilization, we must oppose formalism and adopt diversified forms of ideological education. We must educate by evoking people's feelings. We must fully use literature and art in educating the masses. Comrade Jiang Zemin has forwarded a resounding call: Patriotism, socialism, and collectivism should become our society's "dominant theme." In accordance with the guidelines of Comrade Jiang Zemin's instructions, we must make patriotism,

socialism, and collectivism a central part of our work. In guiding and educating people, we must be good at seizing flash-point issues that are of common concern to the people in terms of their social life. We must bring into play advanced and positive factors; constantly raise citizens' moral and ideological standards; and enhance their self-respect, confidence, and spirit to improve themselves. We must make vigorous efforts to strengthen professional ethics in all trades and professions and we should lift the building of Shanghai's spiritual civilization onto a new stage.

### **Zhejiang Secretary on Democracy, Rule of Law**

*OW1412032292 Hangzhou Zhejiang People's Radio Network in Mandarin 1030 GMT 3 Dec 92*

[From the "Provincial News Hookup" program]

[Text] The provincial party committee and people's congress held a meeting in Hangzhou this morning, at which people from Zhejiang Province commemorated the 10th anniversary of the promulgation and implementation of the Constitution currently in force. Chen Anyu, chairman of the provincial people's congress standing committee, presided over the meeting; while Li Zemin, secretary of the provincial party committee, delivered a speech. Provincial party, government, and military leaders who attended the meeting included Sun Jiaxian, Liu Xirong, Wu Minda, Wu Zhichuan, Li Yuhua, Wang Qidong, Zhu Zuxiang, Wang Yumin, Yang Bin, Wan Xueyuan, Shang Jingcai, Tang Yuanbing, He Zhibin, Jiang Cisheng, Zhan Shaowen, Xue Yanzhuang, and (Wang Chenggui).

In his speech, Li Zemin fully affirmed the all-out efforts and achievements made by party committees, people's congresses, and governments at all levels in our province in promoting a political system of socialist democracy in accordance with the basic guidelines of the Constitution. He said emphatically: In commemorating the 10th anniversary of the promulgation of the Constitution, we must follow the 14th national party congress' guidelines and ensure greater implementation of the Constitution. In accordance with the theory of building socialism with Chinese characteristics and the party's basic line, we must also apply new practical experiences and earnestly study new circumstances and problems in connection with the implementation of the Constitution. Moreover, we must actively explore ways to improve the Constitution.

First, we must use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as guidance in building democracy and legal institutions. This theory is a potent ideological weapon for strengthening democracy and legal institutions. Guided by this theory, we must continue to conduct thorough practical work, constantly study new circumstances and problems, and set new tasks for promoting democracy and legal institutions as we move faster toward reform, opening up, and economic development in the new situation. We

should make notable progress in expanding socialist democracy and in improving socialist legal institutions as a way to consolidate and improve upon social and political stability and to ensure smooth progress in economic construction, reform, and opening up.

Second, we must further improve the system of people's congresses and expand the legislative and supervisory functions of people's congresses and their standing committees. These are important elements of our country's political reform. As the most important means of strengthening and improving this system, the National People's Congress and provincial people's congresses should strictly exercise their Constitutional rights to enact laws and local statutes, to decide on major issues, to exercise supervision, and to appoint and remove personnel. Party committees at all levels should strengthen leadership over the work of people's congresses and firmly support people's congresses at all levels and their standing committees in exercising their functions and powers.

Third, we must strengthen legal institutions in accordance with the goal of building a socialist market economy. We cannot truly build a new socialist market economy without legal guarantees and without simultaneous efforts to build legal institutions. Even if we have fostered such an economy, we will find it hard to consolidate it. We must maintain the strategy of simultaneously undertaking economic construction and building legal institutions. Quickening the legislative process for economic laws is currently an important task in building legal institutions. We should heighten our sense of urgency and responsibility, take reality into account, conduct timely studies, promulgate laws, and gradually improve laws.

Fourth, we must make all-out efforts to promote a political system of socialist democracy based primarily on democratic and scientific policymaking. We should move faster to institute a system of democratic and scientific policymaking so that party committees and governments at all levels will adapt their policies on major issues to the guidelines of central authorities, Zhejiang's conditions, and the interests and aspirations of cadres and people during the formidable and complicated process of reform, opening up, and economic construction. This will minimize losses and mistakes.

Fifth, we must enforce laws strictly and defend Constitutional and legal authority. We must base our actions on the law, abide by the law, enforce the law strictly, and investigate violations of the law. Defending the dignity and authority of the Constitution and the law is the fundamental guarantee for smooth progress in socialist modernization and for lasting peace and stability in the country. Party organizations at all levels and all party members, especially leading party and government organizations and leading cadres at all levels, should take the lead in abiding by the Constitution and the law, set an example in enforcing them, and resolutely stop and fight the problem of intercession by people in authority who

abuse their powers in violation of the law, as well as the problem of substituting sentencing for criminal offenses with punishment. People's congresses at all levels and their standing committees should conscientiously exercise their Constitutional and legal rights, strengthen legal supervision, and ensure the implementation of the Constitution and the law.

Sixth, we must strengthen education on popularizing the law and heighten the legal concepts of cadres and people. To promote economic development and social progress, party committees, people's congresses, and governments at all levels should give strategic consideration to intensively popularizing legal knowledge and to conducting legal publicity and education among the general public. They should improve the methods of conducting legal publicity and educational programs during the course of practice; conduct various publicity and educational efforts at all levels in a planned and step-by-step manner; and strive to launch more thorough, solid, lively, and fruitful educational programs to popularize legal knowledge.

### Central-South Region

#### Guangdong Official on Family Planning Regulations

HK1212060792 *Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 9 Dec 92*

[Text] The provincial conference of directors of city family planning committees concluded today. At the conference, Guangdong Vice Governor Ling Botang stressed that localities must conscientiously study and implement the newly revised Guangdong provincial family planning regulations, administer according to law family planning, and genuinely control the province's excessive population growth.

The newly revised Guangdong provincial family planning regulations were reviewed, deliberated and passed by the National People's Congress Standing Committee and will be promulgated for implementation. Vice Governor Ling Botang gave a few of his opinions concerning the ways to implement the regulations.

He pointed out: The regulations explicitly lay down that the chief leaders of people's governments at all levels are ones that bear the largest responsibility for implementing the population planning in the area. The most senior party and government leaders at any levels must take personal charge and assume full responsibility.

Following the regulations' promulgation, this winter and next spring, we must launch an extensive and penetrating provincewide propaganda campaign for implementing and carrying out the regulations, so that they will become known to all households and everybody. Family planning departments at all levels and other government functional departments must strengthen

coordination and harmonization and jointly do a good job in implementing the regulations.

According to the regulation's requirements, all city, county and district governments can formulate methods for implementation based on local practical conditions, provided that nothing violates the regulations. However, on matters related to family planning policies, they must fully and without distortion implement the provisions of Guangdong's family planning regulations. When a case of arbitrarily relaxing planning requirements is discovered, those who bear direct responsibility and the concerned leaders will be held accountable.

### Guangdong Successful in Decontrolling Grain Prices

OW1412015592 Beijing XINHUA Domestic Service in Chinese 2131 GMT 5 Dec 92

[By reporter Jiang Zhimin (5592 1807 2404)]

[Text] Guangzhou, 6 Dec (XINHUA)—Will the decontrol of grain prices lead to skyrocketing prices and market chaos? After more than half a year of testing, Guangdong Province, which last April became the first province in the country to totally decontrol the procurement and sale prices of grain, proved that its grain prices have remained stable and even showed a slight drop, its residents have remained calm, its grain circulation has gained momentum, and its grain production has qualitatively improved.

A Guangdong urban sampling survey team recently surveyed the procurement prices for agricultural and sideline products in 28 counties and cities across the province. The results show that the procurement prices for every 100 kg of long-grain nonglutinous rice and husked rice from the first through the third quarter of the year had dropped 7.5 and 3.9 percent respectively from the same period last year, instead of increasing. What were the reasons behind this phenomenon? The survey shows that the sharp decrease in the grain departments' procurement of grain from the peasants have diverted a large quantity of grain to the market; besides, a portion of the grain produced in production areas outside Guangdong also flowed in. This caused the volume of grain transactions to rise and the prices to drop.

In contrast to the procurement prices, retail prices showed a slight increase in the rice market. Nevertheless, residents remained calm and did not rush into panic purchasing, because they were basically still spending the same proportion of their living expenses on grain as in the past.

The great influx of grain into the market gives individual traders a chance to give full play to their remarkable trading skill. With the advantages of flexibility and convenience, they have occupied a major share of the grain market and brought about unprecedentedly brisk trading. According to the survey, since the decontrol of grain prices, more than 80 percent of the residents have

turned to individually run grain shops and stalls for quality, fresh rice. In contrast, the old and inferior rice sold in some state-run grain shops has been left with no takers.

The decontrol of grain prices has encouraged the vast masses of peasants to take the road of "high quality, high yield, and high efficiency." It has been learned that the province's planting area for high-quality varieties of late rice this year is double that of last year, showing an unprecedentedly swift change—and all these are the masterpieces of the "market's" invisible hands.

### North Region

#### Li Ximing Addresses Beijing Municipal Congress

##### Urges 'Bolder,' 'Quicker' Reforms

OW1312140692 Beijing XINHUA in English  
1348 GMT 13 Dec 92

[Text] Beijing, December 13 (XINHUA)—Beijing should take bolder and quicker steps to advance non-public ownership in the economy, while retaining the predominance of public ownership, the Communist Party chief of the capital said here today.

Li Ximing, secretary of the Communist Party Committee of Beijing, said that the socialist system should not reject everything that exists in the capitalist society. He said that the city had to learn from advanced technology and management in other countries in the world.

He said that the city should shatter the restraint of the traditional idea of a planned economy and should establish a new concept of socialist market economy.

Li made the remarks at the seventh Beijing city congress of the Communist Party of China which opened today. The congress, attended by 689 deputies, will elect the city's Seventh Party Committee. Now the city has about one million Communist Party members.

He said that the city would take bolder measures and policies to make breakthroughs in reform and opening to the outside world. He said that the city should take bolder and quicker steps in economic development because it has a comprehensive background of politics, culture, science and technology, information, finance, communications and tourism.

##### On Intellectuals' 'Freedom,' 'Convenience'

OW1312131992 Beijing XINHUA in English  
1302 GMT 13 Dec 92

[Text] Beijing, December 13 (XINHUA)—Beijing warmly welcomes Chinese intellectuals abroad to return home to work regardless of their past political attitude, Li Ximing, secretary of the Beijing Municipal Committee of the Communist Party of China (CPC), said here today.



Speaking at the Seventh Municipal Party Congress opening here today, he said the city will give returned intellectuals proper treatment in life and work so as to ensure that they fully display their talent.

According to the secretary, Beijing will guarantee returned intellectuals' "freedom and convenience" to come into and go out of the mainland.

Li called on party committees at different levels to "respect knowledge, respect talented people and work out policies and measures to improve the work, study and living conditions of intellectuals to enable them to fully display their abilities."

He stressed that grand prizes will be given to intellectuals who make outstanding contributions.

In recent years, many state enterprises and institutions in the capital have attached importance to employing qualified scientists and managers from home and abroad while looking forward to the return of intellectuals studying and working abroad.

#### **Calls For City's Internationalization**

OW1312092492 Beijing XINHUA in English  
0817 GMT 13 Dec 92

[Text] Beijing, December 13 (XINHUA)—Beijing, the capital of China, is striving to become an internationalized city with all-round opening to the outside world by the end of this century.

This was announced by Li Ximing, secretary of the Beijing Municipal Committee of the Communist Party of China (CPC) at its seventh congress which opened here today.

To speed up the capital's economic development, Li said, it is necessary to continuously and unswervingly open itself to the outside world, expand foreign economic and technological exchange and cooperation and make more and better use of foreign funds, resources, advanced technology and management expertise so as to boost an export-oriented economy.

He called for the formation of a four-tier pattern of opening.

The first tier consists of high-tech industrial development pilot zones, scientific and technological parks and economic development areas with the focus on high-tech industry.

The second tier means mapping out the urban and suburban areas so as to boost high-tech industry and service trades.

The third tier refers to the development of market-oriented production bases of grain and nonstaple foodstuffs and industrial blocks in plain areas on the outskirts of Beijing.

And the fourth tier means the development of deep-processing industry for farm and sideline produce, tourism and natural resources in the mountainous areas on the city's outskirts.

Li Ximing urged party committees at different levels to offer extensive cooperation opportunities and efficient service for overseas investors.

He said that more overseas funds will be used to develop Beijing's service trades including commerce, tourism, telecommunications and real estate.

Meanwhile, the city will transform its traditional industries, build industrial parks and undertake a number of large and medium-sized industrial projects.

According to statistics, the city has so far approved the establishment of 3,410 foreign-funded enterprises.

Altogether 900 foreign-funded enterprises have gone into production and their industrial output value accounts for 12.5 percent of the city's total.

Li called on localities to further open up international markets, boost foreign trade, expand cooperation with international organizations and foreign governments and widen exchanges with foreign cities, organizations and friends.

#### **Beijing's Economy Sees Double-Digit Growth**

HK1212054592 Beijing CHINA DAILY in English  
12 Dec 92 p 1

[By staff reporter Fang Songxian: "Economy of Beijing 'Is Expanding'"]

[Text] Beijing's economy continued to expand this year, with major economic indicators showing a double-digit growth, the Beijing Statistical Bureau revealed on Thursday [10 December].

To date, the city's economic development has fulfilled all the planned targets for 1992, a municipal official said.

This year, the city's gross domestic product (GDP) is expected to surpass 70 billion yuan (\$12 billion), a 10.8 percent increase on last year. Industrial output is expected to top 100 billion yuan (\$17 billion), 15 percent higher than in 1991.

Among its industrial achievements, the production of the city's 883 foreign-funded ventures increased by more than 40 percent, accounting for 12.5 percent of Beijing's total industrial output this year.

The city has not yet adopted the same preferential policies as coastal areas but the municipal government held the first Beijing Trade and Investment Fair in Hong Kong late last month. This led to 636 contracts or letters of intent with foreign investors being clinched, involving \$20.8 billion in foreign funds. It was part of a bid to lure more overseas investment into Beijing.

### Beijing Mayor Addresses Returned Trade Delegation

SK1112235892 Beijing BEIJING RIBAO in Chinese  
4 Dec 92 p 1

[Text] Following is the text of the speech made by Beijing Mayor Chen Xitong on 3 December at Shoudu Airport while greeting the Beijing delegation to the investment and trade talk that had just returned from Hong Kong:

You comrades have been working hard! The Beijing investment and trade talk held in Hong Kong has seen great results. The Beijing Bid Committee for the 2000 Olympic Games has also launched fruitful activities there. On behalf of the municipal party committee and government, I want to salute you, and wish to take this opportunity to thank the figures from various circles of Hong Kong for their great support!

Going to Hong Kong to attract investment is a specific move to implement the 14th CPC National Congress guidelines. The success in this talk fully indicates the correctness of the line defined by the 14th CPC National Congress and the correctness of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

At the moment, the politics are stable, the society is steady, the economy develops well, and the market is brisk in China. Like a big magnet, China is attracting its compatriots in Hong Kong, Macao, and Taiwan as well as entrepreneurs in various foreign countries to do business with it. Along with the deepening of reform, the expansion of the opening up, and the development of the socialist market economy, China's attraction will be even more obvious. We warmly welcome our compatriots in Hong Kong, Macao, and Taiwan; the Overseas Chinese; and the friends in the enterprise circles of all foreign countries to China and to Beijing to develop economic and technological exchanges and cooperation.

Although the current move of going to Hong Kong to attract investment has come to the end of a stage, we still cannot put a full stop but should put a semicolon, because many jobs remain for us. The contracts which have already been signed should all be carried out with high efficiency in order to make them available and yield results as early as possible. For those agreements and letters of intention which have been signed, we should make the best use of our time to hold talks continuously in order to sign contracts as early as possible. As for the foreign traders who have already been here, we should seize the opportunity to hold talks with them.

Do not let slip an opportunity; it may never come again. We should continue to firmly grasp the current excellent opportunity to further utilize foreign funds. This is the focus of Beijing's opening up to the outside world at present. In a certain sense, importing foreign funds means importing productive forces. In this matter, we

should continue to emancipate the minds and enhance our consciousness and the sense of urgency.

The current trip to Hong Kong for attracting foreign investment is also a trip of study and tempering for our cadres. In practice, our cadres have broadened their horizon, learned much new knowledge, and thus improved their work efficiency. We should conscientiously summarize experiences, further exploit our ability, and prepare to go to some other places to attract investment!

We believe that so long as we conscientiously implement the guidelines of the 14th CPC National Congress under the leadership of the party Central Committee headed by Comrade Jiang Zemin and forge ahead along the path of building socialism with Chinese characteristics, Beijing's socialist modernization will certainly proceed rapidly and new victories will be won one after another.

### Beijing Establishes Shareholding Corporation

OW1212135692 Beijing XINHUA in English  
1237 GMT 12 Dec 92

[Text] Beijing, December 12 (XINHUA)—A regional shareholding corporation was established today to promote the Chinese capital's economy.

The Huanjing Economic Development Corporation, jointly funded by enterprises in Beijing and nine neighboring cities and regions, aims at forming an economic circle around Beijing and coordinating regional economic activities.

The corporation will fund technology, material, information and professional exchanges and develop new industries.

It will also provide advisory service, raise funds, organize the regional circulation of commodities and open up new markets.

### Northeast Region

#### Heilongjiang Discusses Science in Agriculture

SK1412083592 Harbin Heilongjiang People's Radio  
Network in Mandarin 1000 GMT 12 Dec 92

[Text] On the afternoon of 12 December, the provincial leading group in charge of having science and education make agriculture prosperous sponsored a meeting on summarizing the work done by the province from 1990 to 1992 in having science and education make agriculture prosperous and on discussing the plan in this regard for the coming three years.

It was pointed out at the meeting that efforts should be made to vigorously develop high-yield, fine-quality, and high-benefit agriculture; to upgrade the competitive capability of markets, to increase peasants' incomes; to make the rural economy prosperous; and to accelerate the pace of having rural areas become better-off and

striding forward agricultural modernization. After 1989, when the provincial party committee regarded the work of having science and education make agriculture prosperous as a breakthrough in having science and education make the province prosperous, the key party and government organs have put the work in this regard on their daily schedule for leading personnel. The provincial people's government appropriates 10 million yuan each year from the agricultural development foundation for the funds of starting the work in this regard. The provincial agriculture bank and the departments in charge of supplies of means of production have promoted the work in supplying funds and materials. More than 18,000 scientific and technological personnel throughout the province have engaged in the activities in this regard each year and more than 60 percent of them are persistently giving guidance and playing an example role on the forefront. Based on implementing the bumper harvest plan, they have signed the contracts of large-scale projects such as establishing agricultural technical groups; breeding high-yield crops; and overcoming the technical difficulties. They have popularized the technology of raising meat hogs and high-yield meat and egg chickens, raising fish in rice fields, and carrying out fast-breeding of fry. Through the activities of holding regular training classes and having science and technology support winter farming operation, they have promoted the total grains output from about 17.5 billion kg in the past to more than 23.6 billion kg this year. The industrial structure in rural areas has been readjusted and the proportion of total agricultural output value in the total product of the rural society has decreased from about 70 percent in the past to about 60 percent at present. The proportion of the total animal husbandry output value in the total agricultural output value has increased from 16 percent in the past to about 25 percent at present. The provincial leading group in charge of having science and technology make agriculture prosperous contends that it is possible for the leading group to create conditions, to provide a guarantee, and to make contributions in the coming three years to fulfilling the province's general targets of rural economic development; to showing a 4 percent increase each year in the total agricultural output value and realizing 34 billion yuan in this regard; and to showing a 100-yuan increase each year in rural per capita incomes and realizing 1,100 yuan in this regard.

#### Heilongjiang Secretary Inspects Mudanjiang City

SK1212150192 Harbin Heilongjiang People's Radio  
Network in Mandarin 2200 GMT 11 Dec 92

[Text] Sun Weiben, secretary of the provincial party committee; (Wang Xianmin), secretary general of the provincial party committee; and (Zhang Housheng), deputy secretary general of the provincial party committee, inspected Mudanjiang city from 4 to 8 December.

After affirming the city's economic development situation, the city party committee's work arrangements, and

the city's project for reforming experimental areas, Sun Weiben stressed that to make unconventional progress, we must adopt unconventional measures. To this end, we should first break ideological conventions. That is, we should change our ideas and change the traditional idea of developing the planned economy into one of developing socialist market economy. We carried out the planned economy for several decades. The complete set of ideas to develop the planned economy, the forms of thinking relating to the planned economy, the planned economic management methods, and the standards for conducting the planned economic activities have become deep rooted. Some people were used to them and regarded them as a common occurrence. Some even do not know that they are advocating the Left, are sticking to old ways, and have formed habits. To emancipate the mind, we should mainly eliminate the habitual ideas of developing the planned economy.

Sun Weiben stressed that to emancipate the mind and change ideas, we should firmly foster the ideological line of seeking truth from fact. He reaffirmed the principles that have repeatedly stressed by the provincial party committee. The biggest decision-making right entrusted to us by the central authorities is the right to make policy decisions according to reality. The major policy toward the province made by the central authorities is that we should daringly experiment, do pioneering work, and take a risk so long as the things are conducive to the development of productive forces in socialist society, the enhancement of the overall national strength of the socialist country, and the improvement of the people's livelihood. To emancipate the mind and change ideas, we should make good, full, and flexible use of the biggest decision-making right and the major policy.

#### Attends Share-Holding Forum

SK1312073992 Harbin Heilongjiang People's Radio  
Network in Mandarin 2200 GMT 11 Dec 92

[Text] Heilongjiang Province is going to vigorously carry out the share-holding system on a trial basis. This was set forth at the provincial forum on changing the enterprise managerial mechanism and promoting the trial implementation of the share-holding system that ended on 11 December.

The forum pointed out that the guiding ideologies for trial implementation of the share-holding system in 1993 are to strengthen the dynamics of the system, to expand the trial work, to pay attention to the standards for carrying out the system, and to steadily promote the implementation of the system.

The forum representatives summed up and exchanged the province's experiences in changing the enterprise managerial mechanism and conducting the trial implementation of the share-holding system gained in the past few years, and studied and explored ways to carry out the system on a trial basis among increasingly more areas across the province.



Provincial leaders Sun Weiben, Shao Qihui, and Ma Guoliang attended the forum. Chen Yunlin made an important speech at the forum.

The forum set forth the priorities to carrying out the share-holding system in the foreseeable future. First, we should further help the enterprises carrying out the share-holding system improve and standardize the system. So far, our province has more than 800 enterprises carrying out the share-holding system. But, most of them have not operated according to the share-holding system standards. From now on, we should comprehensively straighten out these enterprises to further improve and standardize them. Second, we should further carry out the share-holding system among state-owned large and medium enterprises. Each and every department should select a group of enterprises with conditions to carry out the system on a trial basis. Third, we should carry out the share-holding system among the existing enterprise associations. So far, the province has 174 enterprise associations. All of them must take the path of sharing stocks. In principle, the newly established enterprise associations should organize themselves according to the share-holding system. Fourth, we should vigorously organize new enterprises carrying out the share-holding system. From now on, new enterprises should carry out the share-holding system if conditions permit. Fifth, we should vigorously develop the share-holding cooperation system. The existing town and township enterprises should rebuild themselves into share-holding cooperation enterprises. Sixth, we should speed up the transformation of Sino-foreign joint ventures into enterprises carrying out the share-holding system. Seventh, we should openly issue shares to society on a trial basis. So far, with the approval of the state, the province should select several enterprises with fairly good conditions to openly issue shares to society. So, we should positively make preparations, strictly and accurately select enterprises, and openly issue the shares as soon as possible.

The forum also set forth several problems that we should pay attention to solving in the course of carrying out, on a trial basis, the share-holding system.

#### **Jilin Secretary Attends Coal Group Rally**

*SK1112024392 Changchun Jilin People's Radio  
Network in Mandarin 2300 GMT 10 Dec 92*

[Text] A rally was held at the provincial guesthouse in Changchun on 10 December to celebrate the establishment of the China Northeast and Inner Mongolia Coal Industrial Group and the 10th anniversary of the establishment of the Northeast China and Inner Mongolia Coal Industrial Corporation. Attending the rally were Huang Yicheng, minister of energy resources; He Zhukang, secretary of the Jilin Provincial CPC Committee; Gao Yan, governor of Jilin Province; Bu He, chairman of the Inner Mongolia Autonomous Region; Wang Senhao, president of the China National Coal Mine Corporation; other responsible persons of pertinent state

departments, committees, and offices; and leading comrades of Heilongjiang and Liaoning Provinces. Premier Li Peng wrote the name of the China Northeast and Inner Mongolia Coal Industrial Group.

The official inauguration of the coal industrial group marked a new stage of development for the coal industry of northeast China. The 10-year course of the Northeast China and Inner Mongolia Coal Industrial Corporation exhibited the fruitful results in persistent reform and comprehensive development. Developed on the basis of the Northeast China and Inner Mongolia Coal Industrial Corporation, the China Northeast and Inner Mongolia Coal Industrial Group has become a large enterprise group which performs the function of investment, which has fairly complete systems for production, business, and connection of property, and which is engaged mainly in the coal production, trade, and construction supported by diverse business, such as geological prospecting, coal machine production, scientific research and design, education, and the tertiary industry. The State Council approved it as one of China's first group of 55 large enterprise groups. This group so far has been joined by 85 member enterprises. In addition to the key enterprise, it is composed of 39 closely associated enterprises, 38 semiclosely associated enterprises, and seven loosely associated enterprises. It has 1.6 million staff members and workers belonging to either state enterprises or collective enterprises. Its fixed assets worth 26.5 billion yuan. Its total income reached 14.5 billion yuan in 1991, of which the income from the sales of its products came to 11.34 billion yuan. Its coal output accounted for one-fourth of the total produced by the coal mines throughout the country, whose products are distributed under the unified state plan.

Huang Yicheng, minister of energy resources; Gao Yan, governor of Jilin Province; and other responsible comrades of pertinent state departments and committees as well as leading comrades from Inner Mongolia, Heilongjiang, and Liaoning gave ebullient speeches. (Li Yunfeng), chairman of the administrative committee of the group and general manager of the corporation, summarized the tremendous achievements won in the 10 years since corporation's establishment. He also forwarded plans and ideas for the group's work.

#### **Liaoning Secretary Addresses CPC Plenary Session**

*SK1312075392 Shenyang Liaoning People's Radio  
Network in Mandarin 1030 GMT 12 Dec 92*

[Text] The Seventh Plenary Session of the Seventh Liaoning Provincial CPC Committee was held in Shenyang from 10 to 12 December.

Through discussions over the past two days, the session approved, in principle, the outlines of the provincial economic development plan in the 1990's and defined the fighting goals of economic development with which the province's GNP in the 1990's should increase 10 percent every year and increase 150 percent in 10 years.

Yue Qifeng, deputy secretary of the provincial party committee and governor, chaired the session. Quan Shuren, secretary of the provincial party committee, made a speech on the major tasks in 1993.

Quan Shuren pointed out: The outlines of the provincial economic development plan as approved at this plenary session defined the province's goals and tasks by 2000. The key to realizing the outlines is to grasp the work in the first three years. However, the most favorable opportunities will arrive in 1993. So, we must not lose these opportunities. The general requirements for the work in 1993 are to have a high starting point, to make bigger strides, and to do solid work. To have a high starting point, all people of the province should upgrade their awareness and advanced nature of implementing the 14th CPC Congress guidelines and examine their thinking and work with the theories as defined at the 14th CPC Congress and the party's basic line. To make bigger strides, we should take the setup of the socialist market economic system as our target, speed up the transformation of the economic system, change enterprise managerial mechanisms and government functions, and strive to greatly improve the economic construction speed and efficiency. To do solid work, we should emancipate the mind, seek truth from fact, proceed from reality, and stress real efficiency.

In regard to the major tasks in 1993, Quan Shuren pointed out that studying the 14th CPC Congress documents and deeply understanding and comprehensively implementing the party's basic theory and line is [words indistinct] of the work in various spheres.

He said: By reaffirming our thinking and work, we deeply experienced that we have not done enough to emancipate the mind. The deep-rooted old ideas that took shape under the highly concentrated planned economic system are still the main obstacles for preventing the province's reform, open up, and economic construction. By deeply studying the 14th CPC Congress documents, we should upgrade our undertakings, tell truth from falsehood, ceaselessly emancipate the mind, and better guide the reform, open up, and economic construction.

Quan Shuren pointed out that the second task in 1993 is to take the setup of the market economic system as a target and to strengthen the dynamics of reform.

He said: The central link of setting up the socialist market economic system is to enliven state-owned large and medium enterprises and to push them to markets. To this end, next year, the province should make several bigger strides for reform. First, we should conscientiously implement regulations; make enterprises become independent economic entities characterized by self-management, self-restriction, and self-development and with the sole responsibility for their own profits or

deficits; and carry out the managerial forms and methods that suit the requirement of the market economy. Second, we should positively carry out, on a trial basis, the system that involves various kinds of ownership and is dominated by public ownership; and speed up the implementation of the shareholding system. Third, according to market demands, we should speed up the transformation of the product mix. Fourth, we should speed up the pace of organizing enterprise associations and focus on organizing enterprise associations among iron and steel, machinery, petrochemical, electronics, light textile, and construction industries. Fifth, we should vigorously establish and develop markets and strive to establish a group of international and nationwide markets.

Quan Shuren pointed out: To elevate the economy to a new high, we should have new growth points. Thus, concentrating energy on grasping new economic growth points is the third major task in 1993. The new economic growth points of our province are as follows: The rural areas should concentrate energy on developing large-scale agriculture with town and township enterprises as a pillar and ensure that town and township enterprises continuously play a leading role in promoting the province's economic growth. We should enhance the intensive and precision processing capability, vigorously develop new high-tech industries, and take the path of relying on science and technology to rejuvenate the province. By developing cooperation with foreign countries, we should use foreign capital to develop three types of foreign-funded enterprises and expand the export trade. We should regard tertiary industry as the pillar industry of the national economy and upgrade its position in the national economy.

Quan Shuren pointed out: Setting up the socialist market economic system sets an increasingly more urgent demand for changing the functions of government organs. Next year, we should speed up the changes in the functions of government organs to create conditions for setting up the socialist market economic system. We should constantly pay attention to strengthening the leadership of the party, improve the building of spiritual civilization, ensure to firmly grasp reform and open up with one hand and the struggle against economic criminals with the other hand, and provide a powerful political guarantee for elevating the economy to a new high.

### Northwest Region

#### Qinghai Drafts Regulations on County's Autonomy

OW1212141092 Beijing XINHUA in English  
1016 GMT 12 Dec 92

[Text] Xining, December 12 (XINHUA)—The Standing Committee of the Seventh Qinghai Provincial People's Congress Friday [11 December] examined and ratified

the Regulations on Autonomy for Salar Autonomous County of Xunhua in the province.

So far all the six autonomous prefectures and seven autonomous counties inhabited by ethnic minority nationalities have formulated regulations governing their autonomy.

A multi-nationality province, Qinghai is the home to Tibetan, Hui, Tu, Mongolian, Salar and other ethnic minority nationalities, which account for 42 percent of the province's total population.

Since 1951, with the approval of the State Council, China's highest governing body, Qinghai has set up 13 autonomous regions for minority nationalities which cover 98 percent of the province's total landspace.

The Standing Committee of the provincial people's congress, the provincial legislature, has also examined and approved more than 20 regulations for the autonomous regions on natural resource development, grassland utility, forest protection, minority nationality languages and land administration.



### U.S. Used To Slow Down Investment in Mainland

HK1112152892 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0954 GMT 10 Dec 92

[Commentary by Chu Ke (2806 1356): "Li Teng-hui Tries To Use the United States To Prevent Taiwan Businessmen Investing in Mainland"]

[Text] Hong Kong, 10 Dec (ZHONGGUO TONGXUN SHE)—When making a speech to a number of Kuomintang cadres a few days ago, Li Teng-hui said: People in Taiwan who want to invest in the mainland at present are encouraged to make their decisions after the U.S. Government's economic policy is clearly defined in 1994. He said that after his recent study of the 100 or so economic propositions forwarded by Bill Clinton during the election campaign, he still failed to see a clear direction for future U.S. economic policy.

To remove the doubts caused by Li Teng-hui's remarks, whether or not Taiwan's economic and trade policies toward the mainland should be adjusted to the U.S. stance, a "relevant person" in Taiwan gave a special explanation: "This does not mean that we should adjust our behavior to the U.S. stance once every four years when a presidential election is held. It means that the change the Clinton administration makes in the days to come may possibly not be the same as in the past. Therefore, we should attach importance to it."

Nevertheless, such an explanation still failed to clear up the doubts. First, it did not explain why Taiwan's economic and trade policy toward the mainland should be based on the development of U.S. economic policy. In the past, Taiwan businessmen have made a lot of money using the mainland's quotas and the practice of changing the place of production. After the Clinton administration takes office, will this form of entrepot trade be put under further control? Second, has Taiwan always followed the United States in pursuing its economic and trade policy toward the mainland?

In fact, a mainland investment fever has hit the Taiwan business community in the last few years. With the exception of some businessmen who were attracted by the mainland's preferential policies, most went to invest in the mainland because they learned that there were signals of "good prospects of gain" almost everywhere on the mainland.

Those with knowledge about the development process of Taiwan's export-oriented economy during the last 30 years or so are aware that Taiwan's current more than \$90 billion foreign exchange reserves are the result of Taiwan businessmen's past efforts risking difficulties and actively developing overseas. "Getting into places of difficult access wherever there are good prospects of gain" has become the registered trademark of Taiwan businessmen. As Taiwan is short of labor, five years ago, Taiwan businessmen were already turning to the Southeast Asian region for a way out. Later on, they found that in addition to better trained workers, the mainland could

also provide them with raw materials and a more favorable investment environment. Hence, they directed their investment to the mainland. This state of affairs shows that Taiwan businessmen's investment and commercial expansion in the mainland are in coordination with their past instinct of "pursuing profits." Their "heat" is of a "spontaneous combustion" nature. It is both uneasy and unnecessary for outside forces to promote them to take the heat out.

As far as the Taiwan authorities are concerned, in developing cross-strait economic and trade relations, they should have interests, though not the national righteous cause, in mind and take such conditions as market potential, raw materials, human resources, and science and technology into account. The mainland is an absolutely inevitable "good market" for Taiwan's economic and trade development in the days to come. In reality, people cannot see the need for Taiwan to set its economic and trade policy according to U.S. economic policy.

In fact, it is not difficult to predict Clinton's economic policy. Clinton was elected president when a macroclimate of economic recession prevailed in the United States, in which the American people who had suffered badly from the recession longed for a change. The urgent matter facing Clinton after he assumes office is to right the economy. One important task of righting the economy is to achieve a balance in foreign trade. Therefore, in the days ahead, the countries and regions which export their goods mainly to the United States, such as Japan and the four little dragons of Asia, will face greater pressure than in the years of the Bush administration. It is not necessary for people to wait until 1994 before they can see the trend.

Currently, the Chinese mainland's economy is developing at a tremendous pace. The economic development of many cities and regions is amazingly fast. If Taiwan businessmen seize this rare opportunity they will be able to accomplish much on the mainland. If they hesitate to move and wait and see in what direction the U.S. economy will go in 1994, an event which has nothing to do with their investment in the mainland, they will surely lag two years behind the others. Is there any need for Li Teng-hui to hinder Taiwan businessmen from investing in the mainland by obstinately making use of the U.S. economic and trade policy?

### Official Urges Science, Technology Links

HK1212042592 Beijing CHINA DAILY in English  
12 Dec 92 p 1

[By staff reporter Zhang Yu'an: "Scientific Links With Taiwan Are Suggested"]

[Text] A senior mainland official yesterday urged both the mainland and Taiwan to co-operate in developing science and technology, with special emphasis being placed on developing high and new technology.

Li Xiaoshi, Vice-Minister of the State Science and Technology Commission, said at a press conference that co-operation on science and technology and exchanges between the two sides has become "an irresistible trend" and that the two sides should learn from each other.

Such co-operation has already been started by scientists from the two sides through civil channels, Li said.

This year, both mainland and Taiwanese scientists have conducted friendly visits. At present, scientific organization on the mainland are paying particular attention to cooperation with their counterparts in Taiwan and they place great stock by scientific and technological cooperation, Li said.

"I believe co-operation and exchanges in science and technology between the two sides, especially in the high and new technology fields, will improve," Li noted.

Zhang Dengyi, Deputy Secretary-General of the State Science and Technology Commission, said the commission and other relevant ministries are making great efforts to push China's science and technology toward the domestic and world industrial markets.

To further promote the development of applied science, the Beijing-based Science and Technology Daily and the China Venture Tech Company have jointly organized the Third National Pioneering Award for Science and Technology Entrepreneurs.

Both 10 gold and 30 silver prize award winners were met by members of the Chinese Communist Party Politburo

Standing Committee and other senior government leaders yesterday afternoon in Beijing.

Zhang said China's defence science and technology enterprises have now become civilian firms, following the reforms and opening policies of the late 1980s.

China's civil science and industrial technology firms number about 20,000, with a workforce of 500,000.

These firms are playing an important role in commercializing and industrializing scientific research and are creating notable economic and social benefits, Zhang said.

Statistics show that by 1991, there were 2,487 high and new technology development firms in the country's 27 national-level development zones. They turned out 8.73 billion yuan (\$1.5 billion) of products, earning \$710 million through exports last year, Zhang said.

Meanwhile, Xinhua reported that U.S. Vice President Dan Quayle met in Washington on Thursday [10 December] with Song Jian, China's top science administrator now visiting the United States.

During the meeting, according to a senior Chinese official, Quayle expressed his hope that science cooperation between the United States and China will continue.

The co-operation, which so far has been successful, is important for the two countries as well as for the world, the vice president was quoted as saying.

Song said China is willing to actively participate in international co-operation and will support the U.S. super collider construction with manpower, technology, and possibly, finance.

**Economics Minister on U.S. Cabinet Appointments**

OW1212041492 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 11 Dec 92

[From the "Hookup" program]

[Text] President-elect Bill Clinton's appointment of Senator Lloyd Bentsen as the next U.S. Treasury secretary should be a favorable development to the Republic of China, for Taiwan will have one more strong supporter in the new U.S. Government. Bentsen, who recently visited Taipei, was a powerful figure in helping to bring about President Bush's decision to sell F-16 fighter planes to Taiwan.

Furthermore, Economic Affairs Minister Hsiao Wan-chang has said that most of the designated cabinet members of Clinton's new administration had visited Taiwan in the past and have a considerable understanding of our nation. For instance, Bentsen, the newly designated treasury secretary, has made two visits to China [Taiwan], in 1980 and 1987. Minister Hsiao himself received Bentsen, in his capacity as director general of the Board of Foreign Trade. Huang Mei-ting has the following report:

[Begin recording] [Huang] The list of financial and economic officials in the new administration announced by U.S. President-elect Clinton has received fairly good response from our top financial and economic officials. Economic Affairs Minister Hsiao Wan-chang said: The treasury secretary-designate, Senator Bentsen, and other new officials are basically supporters of free trade; most of them have visited our nation in the past and are no strangers to us. He believes that these officials will promote liberalization of the market and trade after taking office. In view of Clinton's repeated stress that top priority would be given to U.S. interests, however, he [Hsiao] believes that free trade will be promoted on a conditional basis in future U.S. foreign trade policy and that countries enjoying a favorable balance of trade with the United States will especially be expected to continue opening up their markets. As our nation is now vigorously pursuing economic and trade liberalization, we are not expected to encounter major problems in most areas, except for the considerable pressure we are subject to with regard to the protection of intellectual property rights, which will become a major issue in future Sino-U.S. economic and trade relations.

[Hsiao] U.S. business circles' pressure on and attitude toward the government will play a greater role from now on. Therefore, this deserves attention from all of us. [end recording]

**Foreign Ministry Says ROK Statement 'Misleading'**

OW1412083692 Taipei CNA in English 0803 GMT 14 Dec 92

[Text] Taipei, Dec. 14 (CNA)— In a strong worded statement, the Ministry of Foreign Affairs Sunday [13 December] criticized South Korea for spreading information that "was quite misleading and would add new trouble for future negotiations."

A local newspaper quoted a ranking official in the former South Korea Embassy as saying that South Korea considers a Taipei representative office manned by an ambassadorial-level official would be an ideal framework governing future Taipei-Seoul ties in the absence of diplomatic relations.

The Dec. 5 report also said that the ownership of Chinese schools in Seoul should be settled by Overseas Chinese in Seoul and the Communist China, and the Seoul government should not intervene in this matter.

In refuting the statement, the Foreign Ministry said that South Korea should not spread information to the media that is not only misleading but also adding difficulties to future negotiations.

The ministry noted that Korea's handling of non-diplomatic problems, such as the ownership of school property would be settled by Overseas Chinese and Communist China, is "most inappropriate and sinister-motivated."

The ministry said that it had conveyed its serious concern to the South Korea Government.

Taipei severed ties with Seoul after Korea switched the diplomatic recognition from Taipei to Peking [Beijing] on Aug. 24.

Taipei has since insisted that South Korea should send a ranking official with the full authorization from his government to negotiate with the ROC [Republic of China] over the framework governing bilateral relations, but the talks have been stalled because of differences on both sides.

**Government Unlikely To Lift Ban on Korean Fruit**

OW1212091692 Taipei CNA in English 0817 GMT 12 Dec 92

[Text] Taipei, Dec. 12 (CNA)—President Li Teng-hui has never promised to lift a government ban on fruit imports from South Korea, a presidential spokesman said Friday [12 December].

Deputy Presidential Secretary-General Chiu was commenting on a South Korean news report that President Li had written to Kim Yong-sam, chairman of the ruling Democratic Liberal Party of South Korea, agreeing to lift the fruit import ban as soon as possible.



Chiu said the report by the Korean Broadcasting System (KBS) was not true. "The president is unlikely to make such a promise," he noted.

"Li did receive a letter from Kim in mid-November urging the Republic of China [ROC] to lift the fruit import ban imposed after the two countries suspended diplomatic ties in August," said J. Chu, spokesman for the ruling Kuomintang.

Chu said Li sent a return letter to Kim earlier this month in his capacity as KMT chairman.

Li said in his letter that the fruit import issue would be pondered only after the two countries worked out a new framework to handle bilateral exchanges in the absence of formal relations.

Kim is running in South Korea's presidential election. Against this background, diplomatic sources said, Li would be unlikely to write to Kim in his capacity as the ROC president, not to mention making any promise regarding fruit imports. The ROC used to be a major market for Korean fruit, particularly apples and pears.

Under a barter trade agreement, Taiwan imported 2,500 tons of pears and 5,500 tons of apples from South Korea in 1991, while exporting 15,000 tons of bananas to that country. The barter trade agreement has become invalid following the suspension of diplomatic ties between the two countries, a Council of Agriculture official said yesterday.

Taiwan severed its longtime diplomatic ties with South Korea on Aug. 24 after Seoul recognized Peking. Taiwan subsequently banned fruit imports from Korea and cut its air and shipping links with its former ally.

A Foreign Ministry official said fruit trade and transportation issues could be resolved only after the two countries had established a new framework to handle future relations.

### **Government Urged To Drop Hong Kong Approach**

*OW1212091592 Taipei CNA in English 0752 GMT  
12 Dec 92*

[Text] Taipei, Dec. 12 (CNA)—The government should abandon its low-profile approach in handling Hong Kong affairs, the Government Information Office (GIO) suggested Friday [11 December].

In a report to the cabinet-level Mainland Affairs Council, the GIO said the government has been reluctant to publicize its work plans in Hong Kong in order to avoid provoking political interference from Peking.

This strategy may in the long run blur the objectives of the country's publicity work in the British crown colony which will revert to communist Chinese rule in 1997, the GIO report noted.

It pointed out that the government should more actively promote commercial, cultural and news exchanges with Hong Kong in the preview to the 1997 "doomsday."

"If we could successfully develop wide-ranging mutually beneficial ties with Hong Kong," the report said, "we would have greater leverage in maintaining our presence there after 1997."

It said the GIO will invite more Hong Kong journalists to visit Taiwan in the coming years. "We'll expand our contact with those with different political views," it added.

The GIO's current representative office in Hong Kong is registered as a private corporation under the name of "Representative Office of FREE CHINA REVIEW."

The FREE CHINA REVIEW is a monthly magazine published by the GIO.

The GIO is considering restructuring its Hong Kong representative office into a non-profit foundation in order to maintain its function and vitality after 1997, the report said.

It noted that Peking has spared no effort to block GIO's publicity work in Hong Kong. Communist Chinese authorities are very likely to further restrict Taiwan's presence there after 1997, it added.

### **Envoy Attends GATT Meeting on PRC Membership**

*OW1412062792 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
9 Dec 92*

[From the "Hookup" program]

[Text] Chen Jui-lung, director of our country's representative office in Zurich, Switzerland, attended for the first time on behalf of the Taiwan, Penghu, Kinmen, and Matsu Independent Tariff Area, a GATT working group meeting on the Chinese Communists' membership application. This is the second time for the two sides to attend a formal meeting together, following the Chinese Communist representative's attendance as an observer at a working group meeting concerning our side's application in early November. In view of the main purpose of the current meeting, which is to discuss the draft protocol on Communist China's membership application, or the timetable for entering GATT, our country's presence signifies our concern about this issue.

Chiang Ping-kun, spokesman and vice minister of economic affairs, said yesterday evening: At present, we are only an observer, and as a rule, we cannot make statements at the meeting; however, our presence at the working group meeting on the Chinese Communist application, in addition to demonstrating our concern over the process of the Chinese Communists' entry into

GATT, can help us observe the ways the Chinese Communists negotiate and help us get a better idea about the contents of the latest draft protocol on Communist China's entry into GATT.

**Delegation Meets With Japanese Trade Minister**

*OW1412063792 Taipei Voice of Free China in English 0200 GMT 10 Dec 92*

[From the "News" program]

[Text] Japanese Minister of International Trade and Industry Kozo Watanabe has said in Tokyo that relations between Japan and the ROC [Republic of China] have been growing ever close as their economic and trade exchanges expand. Watanabe was speaking to a dinner party held in honor of the 100-member ROC delegation attending the 20th East Asia Economic Conference, an annual event between Chinese and Japanese businessmen. His appearance at the gathering marked the breakthrough in relations between Tokyo and Taipei in the two decades since diplomatic ties were broken in 1972. No Japanese cabinet minister had ever been present at such an event before. Ku Chen-fu, chairman of the Chinese National Federation of Commerce and Industry, who heads the ROC delegation, said Watanabe's presence at the party indicated relations between the two countries had entered a new stage. Ku invited Watanabe to visit Taipei during the meeting between the two on Wednesday. If the invitation is accepted, Watanabe will be the first Japanese cabinet-level official to set foot on Taiwan in 20 year.

**Businessmen Urged To Promote Japanese Market**

*OW1412095092 Taipei CNA in English 0806 GMT 14 Dec 92*

[Text] Taipei, Dec. 14 (CNA)—More than 1600 Japanese enterprises stationed 7,600 employees in Taiwan as of June this year, the China External Trade Development Council (CETRA) said Sunday [13 December].

This compared to mere 50 Taiwan enterprises that have set up offices in Japan, CETRA said.

It said that Japanese businessmen are very active in Taiwan and advertisements for Japan-made products can be seen everywhere on the island.

In comparison, the number of Taiwan businessmen in Japan is very small, and their efforts to promote product sales have achieved only limited results, it added.

In general, returns from promotion efforts in Japan are not high, it noted. As a result, Taiwan businessmen have cultivated a passive attitude towards Japanese market and would rather focus their attention on areas other than Japan.

CETRA urged the businessmen here to work harder to promote their products in Japan.

**Beijing Asks for Return of Detained Patrol Boat**

*OW1412090992 Taipei CNA in English 0758 GMT 14 Dec 92*

[Text] Taipei, Dec. 14 (CNA)—Peking [Beijing] authorities have asked Taipei to repatriate a mainland customs patrol boat which has been detained here since late November.

Peking's Association for Relations Across the Taiwan Straits (ARATS) has twice written to Taipei's Straits Exchange Foundation (SEF) asking it to release the Mingningqi No. 3 and the mainland officers and crew members aboard, a SEF spokesman reported over the weekend.

Both SEF and ARATS are quasi-official organizations empowered by their respective authorities to handle cross-strait affairs.

ARATS stressed in its letters that Xie Deshou and other mainland officers were on anti-smuggling operations when the Mingningqi was intercepted by ROC [Republic of China] marine police off northern Taiwan coasts on Nov. 23.

"We hope you will release the revenue cutter and all personnel, weapons and seized contraband goods aboard as soon as possible," ARATS said.

It noted that Taiwan's detention of mainland customs patrol boats and officers will hinder cross-strait cooperation in cracking down on piracy and smuggling in the Taiwan Strait.

Thirteen mainland Chinese aboard the Mingningqi, including a customs official and four security officers, have been indicted by the Keelung prosecutor's office for intruding into Taiwan's territorial waters.

The four mainland security officers were also charged with forcefully boarding a Taiwan fishing boat—the Hsing Lung No. 201—and robbing and beating its crew.

An official at the cabinet-level Mainland Affairs Council said since the 13 mainlanders have been indicted, they cannot be repatriated until after all legal procedures have been completed.

The 17 other Mingningqi crewmen who were not indicted must also stay here for the time being because they must testify before the court, the official explained.

All the Mingningqi crew and the five mainland officials are staying at a reception center in Hsintien, Taipei county.

**Tax Incentives for High Technologies 'Imperative'**

*OW1412101492 Taipei CNA in English 0752 GMT 14 Dec 92*

[Text] Taipei, Dec. 14 (CNA)—It is imperative that the government should render tax advantages to high-tech

industries with an eye to propping up domestic investment willingness and industrial upgrading, a leading economist said Sunday.

Yeh Wan-an, an advisor to the government-funded Chunghua Institute for Economic Research, made the comments upon learning that the government is making plans to revive certain investment incentives.

Advanced industries, the hope of Taiwan's future economic development, deserves assistance and support from the government, Yeh noted.

Finance Minister Pai Pei-ying said Saturday that in a new move to help domestic investors keep roots at home, his ministry and the Ministry of Economic Affairs (MOEA) have reached a consensus to grant a five-year exemption of corporate income tax for the investments in new and high value-added industries.

Noting that the MOEA is preparing the list of industries to be covered by the tax break, the minister pointed out that the two ministries will continue to work on its details.

To revive the tax incentive under the statute on the encouragement of investments, he added, the government has to revise the current statute on the promotion of industrial upgrading, which replaced the former statute in 1990.

Vice Economic Affairs Minister Yang Shih-chien said the tax exemption will apply to ten new "star" and key components and parts industries, each of which must have a capital of at least NT\$200 million [new Taiwan dollars] (about US\$8 million).

The targeted industries will include telecommunications, consumer electronics, precision machinery, advanced materials, semiconductors, aerospace, pollution control, and industrial automation, Yang noted.

Industry sources compared the proposed tax holiday to a shot of heart stimulant, calling on domestic manufacturers to think twice before relocating their production facilities overseas.



## Hong Kong

### UK's 'Delaying Tactics' at Liaison Meeting

HK1412061892 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0750 GMT 12 Dec 92

[By Zhi Hong (5267 1738)]

[Text] Hong Kong, 12 Dec (ZHONGGUO TONGXUN SHE)—International political analyst Wong Hok-hoi maintained that by deliberately avoiding the questions of the political reform package and of the civil service pension fund at the latest Joint Liaison Group (JLG) meeting, the British side very probably used delaying tactics. However, he pointed out that in light of the current situation, Patten's playing an "international card" will not work, and that the reaction of the Chinese side must not be underestimated.

Wong Hok-hoi held that the JLG did not reach agreement this time because the British side went beyond the set procedure of the talks and avoided two important topics, namely the question of withdrawing Patten's political reform package and the question of the civil service pension fund, and the question of how to converge with the Basic Law [sentence as received]. He estimated that this British move is intended to delay the questions.

However, he maintained that judging from the Japanese Government's reaction to Patten's political reform package earlier on, and former U.S. Secretary of State Kissinger's visit to Beijing, the British side's "international card" will not work.

He said: Patten should be advised that it would be very wrong for him to play a "U.S. card" on the question of Hong Kong, depending on the words of several U.S. politicians. That Kissinger met with Chinese Foreign Minister Qian Qichen and Premier Li Peng this time is obviously favorable to the new development of relations between China and the United States in the future.

He further pointed out that China and Britain are not on a reciprocal basis with respect to power and diplomacy at the JLG, and that where necessary, representatives of a sovereign state have the power to reject any inappropriate proposals. He added that at the recent debate at the British House of Lords, the two former governors of Hong Kong, Maclehoose and Wilson, clearly reminded Patten that he must not underestimate China's reaction.

### Commentary Says Door to Talks 'Not Yet Shut'

HK1412031492 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0731 GMT 13 Dec 92

[Commentary: "Sincerely Work for Interests of Hong Kong People, Settle Disputes Through Cooperation"]

[Text] Hong Kong, 13 Dec (ZHONGGUO TONGXUN SHE)—Since Hong Kong Governor Chris Patten introduced a drastic change of Hong Kong's political system

in his policy address and challenged the relations of Sino-British cooperation in the latter transition period of the return of Hong Kong's sovereignty to China, evoking a sharp debate and leading to a deterioration of Sino-British relations, the sandwiched Hong Kong people have suffered from the Sino-British dispute. Viewed from the examples of the initialing of the Joint Declaration and the Memorandum of Understanding Between China and Britain, it is quite possible for the two countries to settle the question of Hong Kong through talks and consultations. As long as the two sides follow the Joint Declaration, insist on convergence with the Basic Law, take a frank and cooperative attitude to safeguard the interests of the Hong Kong people, focus attention on the long-term interests of the two sides, and turn disputes to consultations, it will not be difficult to offset the harm caused by Hong Kong's political uncertainty. Although no substantial results were attained in the three-day Sino-British Joint Liaison meeting which closed the other day, the door to Sino-British dialogue is not yet shut.

The endless controversies between China and Britain have apparently produced a great impact on Hong Kong's economy. In the Hong Kong stock market, which is most sensitive to the political atmosphere, the Hang Seng index took a nose dive from 6,400 points to around 5,000. The value of over HK\$200 billion [Hong Kong dollars] has been wiped out of Hong Kong stocks. That amount of money is sufficient to build a new airport. Regarding Hong Kong people, Patten's constitutional package, which introduces a major change of Hong Kong's political system without consulting the Chinese side, has brought harm before producing any benefit. Moreover, the price paid will be huge.

What is the crux of the dispute between China and Britain over the question of Hong Kong? Superficially, it seems that the two sides have failed to reach a common understanding of the provisions in the Basic Law regarding Hong Kong's future political development. In fact, it is the result of a change in the policy of the administration of Britain's Major toward China and Hong Kong. According to Patten's constitutional package, over half of the seats in Hong Kong's Legislative Council are returned by direct elections. Believing that this has contravened the Sino-British Joint Declaration, the Basic Law, and the Sino-British agreement and understanding reached through diplomatic channels, the Chinese side has strongly urged the British side to return to the track of Sino-British Joint Declaration. Only in this way will it be possible to conduct further consultations on the question of the political system. Based on the principle of abiding by international agreements and safeguarding state reputation and dignity, the Chinese side has clearly stated on numerous occasions that it will never retreat on the question of the political system. If the contents and spirit of the Sino-British Joint Declaration can be interpreted and altered at will, how can they offer trustworthy guarantee for Hong Kong at present and in the future?

Undoubtedly, democracy does not exclude stability and prosperity. In connection with Hong Kong's current reality, however, should we steadily sail toward the opposite coast of democracy in an orderly way, or should we take great risks and pay a huge price to speed up by force the pace of democracy which will lead Hong Kong nowhere? It is necessary to prudently make a choice. Certain figures from Hong Kong's political circles must take into account the price paid by Hong Kong people, who have always been keen on economy but indifferent toward politics. It is probably against the will of Hong Kong people for Chris Patten and his followers to act willfully and to unscrupulously throw Hong Kong into confusion in exchange for a turbulent "paradise of democracy" characterized by endless quarrels and disputes.

#### Editorial Says 'Internationalization' 'Disaster'

HK1212053992 Hong Kong WEN WEI PO in Chinese  
12 Dec 92 p 2

[Editorial: "Playing 'International Card' Will Bring Disaster to Hong Kong"]

[Text] Since Chris Patten took the governorship of Hong Kong, he has unilaterally dished out his political reform package, provoked confrontation, damaged Sino-British cooperation and mutual trust, and has also played the "international card" by visiting some countries and inviting Western countries to interfere in Hong Kong affairs and support his political reforms. This is a fact known to all the people of Hong Kong. However, Patten does not dare admit to what he has done to harm the interests of Hong Kong and has denied that he is playing the "international card" like a thief who plugs his ears while stealing the bell.

Recently, President-elect Clinton of the United States has uttered some remarks, expressing concern over the Sino-British dispute and saying that he was "willing to see the United States playing a role in easing Sino-British relations." He even added that "Hong Kong must ensure human rights and freedoms in the years toward and after 1997." There were certain overtones in what Clinton said. However, Patten immediately echoed this as if he had received higher instructions. He expressed his "welcome" for what Clinton had said, and said that "because Hong Kong is an international city, where 250,000 expatriates live, people in various countries will certainly have an interest in Hong Kong's development."

Patten's remarks show that he still wants to pursue Hong Kong's "internationalization" and to solicit interference by foreign forces in Hong Kong. The United States has adopted the so-called "U.S.-Hong Kong Act" (namely, the McConnell Bill) in an attempt to interfere in Hong Kong affairs by means of a domestic law. As everybody knows, before 1997, the Hong Kong issue is a matter between China and Britain; after 1997, Britain's administration of Hong Kong will come to an end and Hong Kong will be returned to China, so Hong Kong affairs

after 1997 will be China's internal affair. Annex I of the Joint Declaration clearly specifies the constitutional position of the Basic Law. Hong Kong's political structure after 1997 is specified by the Basic Law of China's Special Administrative Region [SAR]. Therefore, the British Government and its colonial governor cannot infringe upon China's sovereign rights by formulating a relevant political structure and laws for the SAR after 1997; still less does the U.S. Government have any right to comment on the political operations of China's SAR.

Patten's attempts to involve the United States in the Sino-British dispute over Hong Kong's political structure has no legal basis at all. American nationals also live in London, there is also substantial American investment in Britain, and the United States also has trade relations with Britain. Would Britain, because of this, allow the internationalization of its internal affairs and allow the United States to have a say in its political structure? Would Patten, for the sake of "democracy" and "human rights," invite the United States to interfere in the British people's current debate on whether to abolish the feudal monarchical system in Britain? Would he invite the United States to oppose the current system, under which members of Britain's upper house are not elected but appointed? Would he invite the United States to support the independence movement in Northern Ireland and the home rule movements in Scotland and Wales? Would he support a mediating U.S. role in the tense relationship between London and the people of Northern Ireland? Would he invite the United States to show concern about recent abuses of children's rights, as the British House of Commons has refused to adopt a bill banning the employment of children under 15 years of age? Patten may say that it would be ridiculous to solicit foreign interference in Britain's internal affairs. Why then has Patten adopted double standards and welcomed U.S. interference in Hong Kong affairs for ridiculous reasons?

As some people in Hong Kong political circles have said, inviting U.S. interference in the dispute over Hong Kong's political structure will bring only disaster to Hong Kong; and trying to use U.S. economic sanctions to threaten China would only bring about a more intense confrontation and would turn Hong Kong into a bridgehead and outpost of international political struggle. In the same breath, Patten mentioned additional conditions attached to China's most-favored-nation trade status and Hong Kong's political structure, and then announced his plan to visit Washington next February. Does he intend to take the economic and trade issue as a negotiating tool to force China to make concessions on the political structure issue? Did he mean that China's most-favored-nation trade status would only be maintained if China makes such a concession?

As everyone knows, hegemonism is aimed at disrupting China's cause of national reunification and infringing upon China's sovereign power over its internal affairs. Would they give up hegemonism if China made a concession? No. Hong Kong and China have formed

inseparable relations in their economic cooperation. Any action that harms China will certainly harm the Hong Kong economy. Before the Hong Kong governor adopts his political policy, he must look at the consequences and must bear responsibility for Hong Kong's economy and the Hong Kong people's well-being. Patten is well aware of the disastrous consequences that his "international card" will cause to Hong Kong, but he is still very interested in playing such a card and even using it as his "trump card." This shows that he no longer gives consideration to the well-being of the residents of Hong Kong and the prosperity and stability of Hong Kong. In order to prolong Britain's ruling power in Hong Kong, he is going to use the interests of Hong Kong people as a wager.

#### **Journal Views Possible PRC 'Countermeasures'**

HK1412091592 Hong Kong CHING PAO in Chinese  
No 185, 5 Dec 92 pp 12-13

[By staff reporter: "Gaining Mastery by Striking Only After the British Side Has Struck—China's Strategy Toward Britain"]

[Text] Since Hong Kong Governor Patten proposed his political reform package, which does not converge with the Basic Law, in his policy address on 7 October, more and more people who earlier supported the package have turned to oppose it after seeing that it has done more harm than good. However, with the backing of Major, Patten is still taking a tough stand in confronting China. Under such circumstances, what Hong Kong people are particularly concerned about is what countermeasures the Chinese Government will adopt to diminish the shocks brought on Hong Kong to ensure a smooth transition in 1997 if Patten acts recklessly and clings obstinately to his course.

#### **Party Senior Deng Took Up the Matter Himself and Hierarchy Made Policy Decisions**

An authoritative source in Beijing disclosed that, with regard to the issue of whether or not Hong Kong will be able to effect a smooth transition, not only did the CPC Central Committee and State Council attach great importance to it, but Deng Xiaoping also took up the matter personally and made a unified deployment together with the CPC hierarchy. The authoritative source said: As everyone knows, China's basic principle of settling the Hong Kong issue is "one country, two systems," which is a creative idea forwarded by Deng Xiaoping to solve the issue of China's reunification, and has been defined by the 14th CPC National Congress as an important part and parcel of Deng Xiaoping's theory on building socialism with Chinese characteristics. Deng Xiaoping particularly hopes to have the idea first materialized in Hong Kong and, for this purpose, has repeatedly given instructions on the Hong Kong issue. In line with his instructions, the CPC Central Committee and

State Council have studied the appropriate stand, principles, policies, and specific measures to cope with the British Government and the British Hong Kong authorities.

#### **Making No Concessions on Matters of Principle and Counterattacking**

The authoritative source pointed out that China's strategy to deal with the UK Government and Patten is to make no concessions on matters of principle and to gain mastery by striking only after the opponent has struck.

Making no concessions on matters of principle means standing firm on the issue of sovereignty and adhering to the relevant documents drawn up between China and Britain.

Standing firm on the issue of sovereignty was what Deng Xiaoping stressed in his remarks—"on the issue of sovereignty, China will never give in a wee bit, to say nothing of an inch"—which was said to some Hong Kong personalities after the 4 June event around January and February 1990. Deng pointed out at that time that China had already made considerable concessions on basic issues, and that the more concessions it made, the more complicated the issues would become and the more likely turbulence would arise. Recently, Deng again pointed out: "We have solemnly announced that on the issues that involve national interest and state sovereignty, we will not under any circumstances succumb to foreign pressure." China has noted that the crucial point and essence of Patten's political reform package is to "give administration back to the people" and "hand over the power to Hong Kong" in an attempt to foster a pro-British and anti-Chinese independent or semi-independent government which will prolong its colonial rule in Hong Kong. Therefore, China has particularly reiterated that it will never yield an inch on the issue of sovereignty. If the British go on with this trial of strength with the Chinese on this issue, they have simply miscalculated the situation in the wrong place and at the wrong time.

Adhering to the relevant documents means that both the Chinese and the British Governments should strictly abide by the Sino-British Joint Declaration, the Sino-British Memorandum of Understanding on Hong Kong's New Airport, and the seven letters exchanged between the Chinese and British foreign ministers through which understandings were reached on the necessary convergence of Hong Kong's political development with the Basic Law. These agreements should not on any account be perfidiously and unilaterally torn up. If the British side wants to hold negotiations again, the precondition is to return to the track of abiding by the above-mentioned agreements. Otherwise, there is nothing to talk about.

#### **Making a Fresh Start and Acting According to What Has Been Stipulated in the Basic Law**

By gaining mastery by striking only after the opponent has struck, means that China has never provoked a



dispute over the Hong Kong issue, and it is only after Britain has perfidiously adopted an antagonistic stance that the Chinese side resorts to the tit for tat fighting, which will be engaged in at any time and in any scope that the British choose in carrying on this confrontation.

In coping with Patten's current public confrontation, China's principal policies and measures are: In consideration of a smooth transition, China advocates effecting comprehensive convergence in the fields of the legislature, the executive, and the judiciary on the issue of the political system. If convergence cannot be effected in the legislature, then it will be very difficult to imagine that convergence will be achieved in the executive and judicial organs. To be concrete, first of all, the legislature to be formed in 1995 should converge with the Basic Law so as to ensure that this term's Legislative Council [Legco] members will be carried over to 1997 by a "through train," thus bringing about a smooth transition. On this issue, the Chinese and British foreign ministers reached an understanding in February 1990. Now, Patten has scattered the previously reached understandings to the winds and wants to start all over again. In these circumstances, the Chinese side has no alternative but to make a fresh start as well.

Nevertheless, China will by no means abandon the Joint Declaration and the understandings to start all over again as Patten has done. On the contrary, the Chinese side will resolutely implement the principle of one country, two systems and will act according to the stipulations of the Basic Law in an effort to ensure a smooth transfer. Meanwhile, the Chinese side maintains that it is necessary to put a stop to Patten's ongoing maneuvers to discard the Sino-British Joint Declaration and the Basic Law, as well as overturning the understandings reached between China and Britain, otherwise Hong Kong will certainly be thrown into turmoil. To this end, China will also adopt other appropriate measures, such as giving consideration to setting up a preparatory committee for the Hong Kong Special Administrative Region [SAR] ahead of schedule, which was originally scheduled to be established in 1996 according to the Basic Law.

The Chinese side has stressed particularly that different measures will be adopted in cases of convergence as well as in cases of divergence. In the past, under a situation of friendly cooperation between China and Britain, the Chinese side always carefully took into account the privileges of British firms in Hong Kong. Now that the British side has taken an antagonistic stand and is no longer considering the issue of convergence, the Chinese side will certainly give no more consideration to the privileges of British firms.

#### **Bearing No Further Responsibility on the Airport Project Issue**

On the new airport issue, the Chinese position is: If the new airport project is carried out unilaterally before an agreement is reached between China and Britain on the

responsibilities and obligations to be undertaken by the future Hong Kong SAR Government, that means the British side has unilaterally overturned the Memorandum of Understanding on Hong Kong's New Airport. Under these circumstances, the Chinese side cannot help but declare that it will no longer support entire airport project, and that the SAR Government will totally deny any responsibility or obligations for liabilities and contracts undertaken by the SAR government after 1997. The [Sino-British] Land Commission will not support using the land and its approval is needed to build the new airport. Neither will the Chinese side support the use of territorial air space into which aircraft will fly after taking off from the completed airport. In light of British disregard for the Memorandum of Understanding and their intention to apply to the Legco Finance Committee for funds allocation and approval of the site formation contract platform before any agreement has been reached between China and Britain on the overall financial arrangement, the Chinese side solemnly pointed out that it will not agree to any unilateral actions taken before consultations and consent have been obtained. If the British Hong Kong Government willfully clings to its obdurate course, the future SAR government will not bear any consequences resulting from this.

What merits Hong Kong people's attention is that the British side is bent on having its own way knowing clearly that the airport project, which will be carried over after 1997, will not come to an end without China's support. The British side aims exactly to shift Hong Kong's financial surplus to the mother country under the pretext of the airport project.

An authoritative source also pointed out that China had anticipated that Britain would drastically change the political system in Hong Kong after the 4 June incident and had already made early preparations to cope with the situation. As British confrontation with China was delayed for three years, China is in a position to counter it even more leisurely. Deng Xiaoping pointed out last year: "In the latter half of the transitional period in Hong Kong, it is an important thing to guard against the British making wicked suggestions and getting up to little tricks, leaving the SAR Government one heavy burden after another." The things that are happening right now provide evidence for Deng Xiaoping's prediction and have also made the Chinese Government keep sharper vigilance against the actions of the British Government and the British Hong Kong authorities in the latter half of the transitional period.

#### **Brokers Want Patten To Withdraw Reform Plan**

HK1412070492 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0752 GMT 11 Dec 92

[By Yu Cheng (6735 2052)]

[Text] Hong Kong 11 Dec (ZHONGGUO TONGXUN SHE)—Hong Kong Governor Chris Patten's constitutional reform package has led to increasingly tense Sino-British relations with each passing day, which has consequently brought about a lower-range adjustment after a crash on the Hang Seng Index. Obviously, universal reservations have been shown by securities brokers toward Chris Patten's proposals and attitude. Should Chris Patten continue to insist on his own view, it will not be a blessing to Hong Kong's shareholders or to its politics and economy.

Since the worsening of Sino-British relations resulting from Chris Patten's constitutional reform package, Hong Kong securities have been continuously marked down in reaction, with the Hang Seng Index once falling below 4,800 points, namely, a drop of 1,600 points from 6,400 points, its historical peak, a loss of 25 percent with a loss of HK\$100 billion [Hong Kong dollars] in market value. From this we can see that Chris Patten's constitutional reform package has seriously pounded at the stock market in particular. In fact, since its crash, the Hong Kong stock market has been unable to rebound as of today, while repeatedly fluctuating within a low range, which reflects weakening investor confidence.

Although Chris Patten has on several occasions stressed that his constitutional reform package is popular among Hong Kong residents and stimulated a rise in the Hong Kong stock market, the reality is that about some 500 figures from securities circles recently planned to take joint action to urge Chris Patten to give up his constitutional reform package to save Hong Kong's stock market and confidence in the economy. On the other hand, unconfirmed news spread not long ago that should Chris Patten revise his reform package, a buyer's market would push up share prices and the Hang Seng Index. The rumor was later denied but has demonstrated to a considerable extent that investors' universal mind set is their hope that Chris Patten will no longer insist on his constitutional reform package.

In actual fact, Hong Kong securities market has much scope for development. Earlier, the Hang Seng Index had seen a marked upward readjustment, and on several occasions broke its record highs. Figures from securities circles universally believe that the Hong Kong securities market was boosted by the news that the 14th CPC National Congress had ascertained that China was to build a socialist market economic structure; thus prices of shares related to organizations with Chinese investments and listed companies with active operations in China all went up by a wide margin, and became the main force bringing a continuous rise in Hong Kong stocks. The stock market's development may to a certain degree reflect the ever-closer economic relations and trade between Hong Kong and Mainland China. Over the past dozen of years or so, Hong Kong businessmen have actively invested in industrial production in South China, and various places on the mainland have mostly promoted growth in economic relations and trade through raising funds in Hong Kong and utilizing the

territory's various services. In addition, several state-owned enterprises are arranging listings on the Hong Kong stock market, and economic relations and trade between Hong Kong and the mainland are becoming increasingly closer each day. The economic ties between Hong Kong and the mainland also call for convergence, and such demands will make themselves more keenly felt when sovereignty returns to China.

Because of the worsening in Sino-British relations as a result of Chris Patten's actions, various investment markets in Hong Kong have landed in a readjustment stage and have a wait-and-see attitude today. Not only the Hong Kong securities market is fluctuating within a low range after the crash, but blows to the real estate market are making themselves felt. Share prices in the real estate sector have suffered the greatest falls of all, and there are already sign of price cuts for several new buildings. There are also signs of a temporary slowing of industrial and commercial investment.

Should Chris Patten insist on his own views, it will be difficult to improve Sino-British relations; in addition, this would impede Hong Kong's stability and prosperity. As always, Hong Kong's prosperity is based on stability, but not on democracy slogans. Chris Patten should have a more profound understanding of Hong Kong's politics and economy.

**PRC Cancels Hong Kong Attorney General's Visit**  
*HK1212051492 Hong Kong SOUTH CHINA*  
*MORNING POST in English 12 Dec 92 p 1*

[By Fanny Wong]

[Text] China has cancelled a visit by the Attorney-General, Mr Jeremy Mathews, in the first sign that Beijing is prepared to suspend high-level contacts if the Governor, Mr Chris Patten, refuses to abandon his controversial democratic reform package.

Mr Mathews was to lead a Hong Kong Legal Department delegation to Beijing early this month for exchanges on legal matters.

It is understood the Government was notified late last month that the trip could not proceed as scheduled because Ministry of Justice officials would be too busy to receive the group.

Beijing offered no new date for the visit but indicated that it should not take place before the Lunar New Year.

A Legal Department spokesman confirmed the postponement was a result of a heavy workload in the ministry.

It is understood the legal studies programme was started in the late 1980s for the two sides to build up mutual understanding of the other's legal systems.

Hong Kong officials have been to Beijing three times while their mainland counterparts visited the territory twice.

"Past visits were found to be extremely useful," the spokesman said.

This month's six-day visit, however, could have been deemed to be the most significant because Mr Mathews would be the most senior official to take part so far.

The first visit to Beijing was led by the former Solicitor-General, Mr Frank Stock, who is now a High Court judge.

Under the original plan, Mr Mathews was to lead a delegation of five other lawyers and a representative of the Constitutional Affairs Branch.

A parallel exchange programme for Hong Kong administrative officers and officials from the Chinese Foreign Ministry and the State Council's Hong Kong and Macau Affairs Office is also likely to suffer in the political tug-of-war.

A delegation led by the deputy head of the Hong Kong and Macau Affairs Office of the Foreign Ministry, Mr Wang Guisheng, visited the territory last month and a local team would therefore be due for a reciprocal visit in the usual cycle of about three months.

Chinese sources suggested that suspending senior level contacts was only part of the package of retaliation planned by Beijing in protest against the uncooperative approach China believed Mr Patten had adopted.

Other phases would unfold in due course, they said.

Beijing believed that if the Patten administration refused to cooperate, there was no point for communication.

The leader of the Chinese side of the Sino-British Joint Liaison Group [JLG], Mr Guo Fengmin, questioned the usefulness of holding future JLG meetings after the latest round of talks broke down on Thursday [10 December].

For the first time in 25 sessions since the JLG began negotiations in 1985 there was no joint communique.

And no date was fixed for the next round of plenary session for the diplomatic body.

## Macao

### China Warns on Taking Control of Airport Company

HK1412115992 Hong Kong AFP in English 0801 GMT 14 Dec 92

[Text] Macao, Dec 14 (AFP)—China has told the Portuguese administration in Macao that it must seek its approval before taking control of the company that is building the enclave's new airport and will operate it for 25 years.

The Sino-Portuguese Joint Liaison Group must approve the Macao government lifting its stake in the Macao Airport Franchise Co. from 33.3 percent to 51 percent, the Xinhua news agency's vice-director in Macao, Sun Ren, was quoted as saying by Portugal's Lusa news agency.

The Macao government has announced it wants to acquire a majority stake in the airport company by purchasing most of the shares held by Portugal's ailing Interfina investment group.

Under agreements relating to Macao's return to China in 1999, the new regime in Macao will become the owner and operator of the airport.

Xinhua's Macao director Guo Dongpo was quoted as saying Sunday that China "always supported the construction of the Macao international airport," due for completion in 1995.

Beijing's support for Macao's new airport contrasts with its opposition to a new airport being built in Hong Kong which it fears will leave the British colony broke by the handover in 1997.

The building of the new airport in Macao will cost just under one billion dollars, while Hong Kong's is expected to cost 22 billion dollars, including adjacent seaport facilities and infrastructure.



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